

NY Board Letter  
Tuesday, March 25, 2003

To: All members of the New York City Church of Christ

From: The New York City Church of Christ Board of Directors

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The Board is responsible for overseeing the corporate and financial affairs of the Church, so we would like to address the concerns about finances that many of you have raised during recent meetings, in correspondence and on the internet. A copy of this letter is also available on the Church website: [newyork.icoc.org](http://newyork.icoc.org)

### **Financial Oversight**

#### **Budget**

The Board manages the Church finances through the use of a budget. The Church's budget is a statement of all the expenditures that the Church intends to make throughout the year based on the plans developed by the ministry staff and the financial information the Board has at the time the budget is created. The Board approves the budget each year and reviews the budget each quarter (when it receives the quarterly financial statements of the Church) to ensure that the budget is being followed. Any major departure from the budget (such as major budget cuts or expansion of the budget based on unexpected changes in revenue) has always been brought to the Board for approval.

We want you to be aware of how the Board came up with the 2003 Budget. The weekly contribution goals that comprise the revenues of the budget are based on actual giving from last fall (2002). The Board did not set a budget that expected you to give more in 2003 than you were giving in 2002. In fact, the Board reduced the goals somewhat at the end of 2002 because there was a decline in the actual contribution.

#### **Contributions**

Contributions have been spent on legitimate Church ministry and business expenses. No money was spent on personal items or for the private benefit of any individuals. There are controls in place that keep the ministry staff from handling money (collecting it, handling it, or spending it). While the ministry staff does develop plans for the Church and determines ministry needs, it does not exert improper control over the finances. The Board has approved the ICOC Salary Model, major expenditures and the annual budget; our administrators have approved all payments made and ensured that each one was within the parameters of the budget set by the Board.

### **Audits**

The accounting records have been maintained with exacting detail and the Church has been audited by outside accounting firms since 1990. **Pricewaterhouse Coopers** conducted the audits from **1990 - 1997**, and **Deloitte & Touche** conducted them from **1998 - present**. For each of those years the Church has received an unqualified opinion (a clean bill of health). Not only that, there has never been any indication of serious internal control weaknesses in the separate letter that these firms have sent to management. Our accounting controls are above average compared with the not-for-profit business world and on par with the best in the for-profit business world. Our audited financial report (for 2001, and 2002 when it is completed sometime around July) will soon be available on the website and is now available to any member upon request.

### **Administrative Staff**

The Board could not carry out its oversight of the Church's administrative and financial affairs without relying upon the financial information provided to it by the Church's administrative staff. **The thirteen full time and two part time administrative employees** include ten with bachelor degrees, four accountants (one with a bachelor & master's in accounting, and two who are licensed Certified Public Accountants with over twenty-five years of secular experience in public accounting, auditing, and corporate management), and one attorney licensed in both New York and New Jersey. The facility coordinator's seventeen years of experience in hotel and restaurant management continues to help the Church secure affordable meeting spaces and seminar venues. The children's ministry coordinator completes and files all children's ministry related paperwork, provides training for children's ministry, teen and pre-teen coordinators, updates the policies to comply with legal and insurance obligations (which continue to change rapidly in this field), fields the numerous questions that come in to the office regarding children's ministry, and takes on many of the tasks of organizing summer camps and special events. Deloitte & Touche auditors have commented on the high quality of administrative staff employed by the Church as many of their other non-profit clients simply use volunteers or retired workers to manage church finances. The administrative office continually seeks to reduce administrative costs and current plans call for reducing the administrative staff to **eleven full time and two part time employees** by the middle of April. This staff reduction will be possible thanks to some technological systems innovations developed and programmed by the ACES World Sector and provided to all the churches.

We believe that the administrative staff has done an excellent job carrying out their assigned responsibilities. While they did not come up with the ICOC salary model or the ICOC policies, they are responsible for their implementation; as well as GAAP accounting principles, NY and NJ law. They make every effort to hold the ministry staff accountable to these policies, procedures, and laws.

### **Conferences and Seminars**

The New York City Church of Christ and the ACES World Sector have hosted many ministry seminars during the history of the Church. In general, we have found these events to be hosted in reasonable locations, but in a few instances poor judgment was used in choosing locations and planning how much time should be devoted to training at those events. Up until four years ago, some ACES conferences were held in the Caribbean and in Africa. The last of these was held in the Dominican Republic, in 1999, and included all the evangelists from all the ACES churches. For the seminars involving attendees from Africa and the Caribbean, there were financial and immigration benefits to not having the meeting location in the United States. Nevertheless, some of the conferences could be deemed inappropriate for the New York Church ministry staff in attendance, and the Board agrees that an appearance of lavish spending may have been created. The Board did take some firm steps to eliminate that appearance after the Dominican Republic conference. The Board decided that costs were not excessive at that conference since it was held in the off-season and since lower corporate rates were obtained and since many of the attendees would not have been able to travel to the United States. Since 1999, all seminars hosted by the New York City Church of Christ were held locally and for minimal cost. In the past four years, staff seminars have been conducted at privately owned homes, or at local hotels on off-business weekends (such as holiday weekends) for favorable lodging rates.

The Church has also participated in many seminars hosted by the International Churches of Christ. The Church has sent staff and non-staff members to participate in the HOPE Youth Corp, International Campus Ministry Conference, Youth Ministry Conference, and the HOPE Health Corp. In addition, small groups of ministry and administrative employees have attended various ICOC seminars to seek direction for the church, receive training, and maintain unity among the churches. With the exception of the 1995 World Leadership Conference in Johannesburg, South Africa, the New York City Church of Christ has had little involvement in the planning of ICOC seminars.

### **Compensation of Employees**

The ministry staff did not develop the salary model. The current salary model evolved from the method in which ministers were paid when the International Churches of Christ first began. Men and women were assured that their needs would be met if they left their careers and entered into the full time ministry. Different churches within the ICOC fellowship of churches paid different salaries, and the salaries varied within a Church as well. There was no standardization and no equitable pay of any kind. Boston and NY came up with an idea for a standardized salary model based on the theory of equitable pay. The ICOC took this model and, with the assistance of outside consultants, came up with a comprehensive and standardized ICOC needs-based salary model. It is our understanding that all US-based ICOC employees have their salaries determined using this model. The model uses such factors as marital status, number and age of dependents, local housing costs, job responsibilities and employee geographic location to generate a salary that should be adequate to meet an employee's needs using all of the above factors.

Four years ago, the ICOC engaged outside legal counsel to review all employees' salaries resulting from the use of this salary model and compare the salaries of the ICOC employees to comparable jobs in similar organizations. This outside review of ICOC salaries found the ICOC

compensation to be “fair and reasonable.” The review went on to state that the ministry salaries tended to be less than what other ministers were earning in other Churches of similar sizes and location. However, it is becoming very clear that these items require a fresh look.

Last June, the ICOC engaged one of the most respected Human Resource Consulting groups in the United States, the Hay Group, to re-evaluate the current needs-based salary model. As part of their study, the Hay Group will once again compare the current salaries of employees of ICOC Churches to comparable jobs in denominational Churches and other non-profit companies. They will also recommend, and provide the details for, a baseline compensation plan. The results of this study should be out within the next few months and will be made available to all the ICOC church boards.

In order to help you understand the kind of salaries the current ICOC salary model produces, here is the summary of March 2003 salary ranges and average salaries. **These salaries include Gross Salary, Taxes and Housing Allowance. They do not include Benefits (medical, disability, dental & life insurance), TSA amounts (retirement payments which commence at age 35) or professional expenses.**

The salary model classifies employees as interns or full time.

For **INTERNS** (men or women) the salary range is from **\$12,000 per year** to **\$18,838 per year**, with an average of **\$14,376 per year**.

Those that are full time are further classified as married or single.

For **SINGLE MEN** the salary range is from **\$12,364 per year** to **\$43,756 per year** with an average of **\$26,355 per year**.

For **SINGLE WOMEN** the salary range is from **\$13,666 per year** to **\$35,736 per year** with an average of **\$27,373 per year**.

For **MARRIED MEN** the salary range is from **\$24,137 per year** to **\$84,714 per year** with an average of **\$51,821 per year**. This figure represents 55% of a married couple's salary as the salary model allocates 55% to the husband.

For **MARRIED WOMEN** the salary range is from **\$19,263 per year** to **\$70,279 per year** with an average of **\$40,729 per year**. This figure represents 45% of a married couple's salary as the salary model allocates 45% to the wife.

To provide more specific information to each geographic area of the Church, we have instructed the administrative office to send each region the average salary for their region for each of the categories listed above, and you will be able to obtain this information from your ministry leader.

### **Why is there such a large spread in the salary ranges?**

The two biggest factors for the spread are the number of and age of children, and the geographic location of housing.

For marrieds, the current salary model pays more based on the number of children. Otherwise equally situated employees with no children make less than those with children, those with one child make less than those with two, and those with older children make more than those with younger children.

Rents also make a difference. Employees who are asked to live in less costly neighborhoods make less than those who are asked to live in a more costly neighborhoods since the salary model factors in housing allowance.

Responsibility makes a slight difference. Otherwise equally situated employees who lead sectors make less than those who lead regions.

### **How much does my ministry leader make?**

The Church is also a corporation (a separate legal entity) and an employer and must respect employment law and the rights of its employees. A corporation is not free to simply disclose personal employment information, such as salaries and medical history, without permission.

### **Has anyone done anything about salary costs?**

The Board has taken steps to control salary costs. Over the past two years the Board suggested that ministry staff reduce costs and they have complied. Two years ago the church had **141** ministry staff members and **5834** total members and today it has **95** ministry staff members and **5826** total members. In January of 2001, the Board also made the decision that all new hires will only be paid 70% of the Salary Model until such time as the Salary Model can be changed.

### **Housing**

Any of our ministers who own homes have obtained them entirely on their own. Some have received funds for a down payment from their families, some from friends, some from an inheritance, some from investments and some from loans. None have received any loans or any down payments from the Church. The church does not make loans or provide salary advances to our staff members for the purpose of buying homes or putting a down payment on a home. Employees are only able to obtain a salary advance for a security deposit, to pay a broker's fee, or for the first month's rent at a new location.

The ministers receive a housing allowance acceptable for a particular geographic area of the Church. This amount is the same whether the minister rents or owns a home. No minister will receive anything more than the housing allowance regardless of how they apply the housing allowance. For example, a minister who receives \$900 per month (because they live in an area where the average rent is \$900 per month) for a housing allowance will get only that amount even if the mortgage is higher than \$900. Some of our ministers who own their own home are in this situation (their mortgage is greater than their housing allowance) and they pay the excess out of their own pocket.

The Church does own one parsonage in Mt. Vernon, NY. The decision to purchase the parsonage was made several years ago because the rents in that area were becoming exorbitant.

The parsonage is reserved for anyone who is leading the Bronx. Currently, the Patterson's live there. We paid **\$322,000** for it in **1999** and it has appreciated substantially in value. It is an asset that will only increase in value in time, and, if it does ever get sold, the money will go back to the Church and not to any minister.

### **Missions Contribution**

The largest outside funding commitment the NY Church makes is the annual contribution for missions and missions administration. The Board of the New York City Church of Christ has transferred the missions contribution each year to the ACES Corporation. Other contributing churches in the ACES World Sector transferred their contributions to ACES as well. The ACES Corporation was responsible for the collection and distribution of funds as well as accounting for how the money was spent after its distribution. In addition, the staff of the ACES Corporation provided much needed administrative, legal and accounting support for the missionaries.

In 2002, the New York City Church of Christ contributed \$2,246,400 of the \$5,322,600 received by ACES for missions and missions administration. Other contributions came from the churches in Albany, Atlanta, Buffalo, Charleston, Charlotte, Chattanooga, Columbia, Greenville, Southern Connecticut, Syracuse, Triangle and Nassau, Bahamas. Under the ACES accounting system, all donations are pooled together with other revenue sources such as interest income and private contributions to ACES. In 2002, funds from ACES were used to support the following missions work: Africa - \$3,000,000, Caribbean - \$900,000, ICOC Missions - \$696,000. (See list of churches attached)

Last year, ACES World Sector staff serviced 87 churches in our fellowship—74 were non-US churches. Of the 74, 15 were self-supporting and 59 required missions support. These 59 were supported entirely by 12 US ACES churches and Nassau, Bahamas. Over the years the ACES personnel has staffed and trained the church offices, provided basic, intermediate and advanced staff training, as well as a myriad of administrative, financial, auditing, legal, technological and ecclesiastical support to ACES' fellowship of churches. Many of the US based and foreign plantings initially required a lot of technical advice prior to, during and following the initial planting.

Having ACES perform these tasks allowed the New York City Church staff to focus on their local congregation's needs and provided a means for the church to collectively aid in the planting of more US and foreign churches. ACES has also provided services that resulted in economies of scale within the World Sector, thus reducing the amount of administrative support needed during a time of unprecedented growth. The alternative would have been for the New York Church and individual churches to hire extra administrative staff to meet the needs of planting and church growth, a challenge which we now face. As the U.S. churches grew in number and size, the larger churches took on more of ACES' role for the plantings within their geographic area. ACES continued to provide the larger churches with consulting services, internal auditing and technical support, while focusing on new plantings both foreign and domestic.

The amount of time dedicated to each church was based at any given time on the issues at hand. Because NY was the largest of the ACES churches and had the most diverse issues, ACES

provided a significant amount of support to New York. From this point forward, the services that ACES provided to NY (e.g., legal and technical) will have to be absorbed by the NY office.

In September of 2002, the bulk of ACES' excess funds over and above what was sent to missions, were distributed back to the churches based on their percentage of giving. This was done as some of the ACES' churches began to express their need to relieve their immediate financial burdens, and in full expectation of receiving further missions contributions from the giving churches in 2003.

For 2003, Africa and the Caribbean have requested approximately \$2,600,000. This reduced amount has resulted from budget cuts as well as the return of some of the missionaries to the United States. If the New York Church agrees to contribute the same percentage of this new request, that would amount to approximately \$1,000,000, less than half of what was given last year. These funds could be collected by the New York Church and sent directly to the missions field.

### **Conclusion**

The Board is doing its best to carefully and thoroughly review and consider all pertinent financial information and to make decisions that are in the best interest of the entire Church.

Sincerely,

The New York City Church of Christ Board of Trustees

Dale Porter  
Madaline Haigentz  
Joe Furstace  
Kitty Chiles  
Sam Powell

**ACES World Sector  
2002 Church List**

<b>U.S.</b>		<b>AFRICA</b>		<b>CARIBBEAN</b>	
<b>City</b>	<b>State</b>	<b>City</b>	<b>Country</b>	<b>City</b>	<b>Country</b>
1 South Connecticut	Connecticut	1 Luanda	Angola	1 Nassau	Bahamas
2 Atlanta	Georgia	2 Cotonou	Benin	2 Bridgetown	Barbados
3 Albany	New York	3 Gaborone	Botswana	3 Willemstad	Curacao
4 Buffalo	New York	4 Ouagadougou	Burkina Faso	4 Santo Domingo	Dominican Republic
5 New York City	New York	5 Douala	Cameroon	5 St. Georges	Grenada
6 Syracuse	New York	6 Bangui	Central African Republic	6 Georgetown	Guyana
7 Charlotte	North Carolina	7 Brazzaville	Congo	7 Cap-Haitien	Haiti
8 Triangle	North Carolina	8 Abidjan	Cote D'Ivoire	8 Port Au Prince	Haiti
9 Charleston	South Carolina	9 Bouake	Cote D'Ivoire	9 Kingston	Jamaica
10 Columbia	South Carolina	10 Kinshasa	Democratic Republic of Congo	10 San Juan	Puerto Rico
11 Greenville	South Carolina	11 Point Noire	Democratic Republic of Congo	11 Paramibo	Suriname
12 Chattanooga	Tennessee	12 Asmera	Eritrea	12 Port of Spain	Trinidad/Tobago
13 Fayetteville	North Carolina	13 Addis Ababa	Ethiopia	13 St. Thomas	Virgin Islands
		14 Libreville	Gabon	14 Kingstown	St. Vincent & the Grenadines
		15 Banjul	Gambia		
		16 Accra	Ghana		
		17 Conakry	Guinea		
		18 Bissau	Guinea-Bissau		
		19 Eldoret	Kenya		
		20 Nairobi	Kenya		
		21 Maseru	Lesotho		
		22 Monrovia	Liberia		
		23 Antananorivo	Madagascar		
		24 Blantyre	Malawi		
		25 Maputo	Mozambique		
		26 Windhoek	Namibia		
		27 Abuja	Nigeria		
		28 Benin	Nigeria		
		29 Calabar	Nigeria		
		30 Ibadan	Nigeria		
		31 Ilorin	Nigeria		
		32 Kaduna	Nigeria		
		33 Lagos	Nigeria		
		34 Onitsha	Nigeria		
		35 Portacourt	Nigeria		
		36 Warri	Nigeria		
		37 Kigali	Rwanda		
		38 Dakar	Senegal		
		39 Freetown	Sierra Leone		
		40 Bulawayo	South Africa		
		41 Capetown	South Africa		
		42 Durban	South Africa		
		43 Johannesburg	South Africa		
		44 Port Elizabeth	South Africa		
		45 Umtata	South Africa		
		46 Manzini	Swaziland		
		47 Arusha	Tanzania		
		48 Lome	Togo		
		49 Kampala	Uganda		
		50 Lusaka	Zambia		
		51 Harare	Zimbabwe		
		52 Sand Storm 01			
		53 Sand Storm 02			
		54 Sand Storm 03			
		55 Sand Storm 04			
		56 Sand Storm 05			
		57 Sand Storm 06			
		58 Bujumbura	Burundi		
		59 Praia	Cape Verde		
		60 Port Louis	Mauritius		