

Rockland Transition Team Meeting Minutes

June 1, 2003

Notes. [...] indicates tape garbled, background noise, or speaker's voice lowered below the microphone's sensitivity. Due to the length of this document, a brief index [*Table of Contents*] is provided. Explanations are enclosed in square brackets [].

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CALL TO ORDER

7:04 a.m.

PRELIMINARY BUSINESS

Minutes. Ken Carlstedt available to fill in for regular minutes taker, agreed to do so.

Meeting length. Pat Maher reminded of prior consensus to hold the meeting to two hours, this will encourage efficient use of time.

Moderator. Pat Maher requested that another brother take the role of moderator for the meeting. Roberto Beteta selected by consensus, and he agreed.

Rules of Order reminder. Jeff Brewster reminded that raising hand to be recognized will help keep order.

FINANCIAL. OVERVIEW OF PROGRESS

Roberto Beteta. Okay, alright so we want a report to start with.

Abe DeLeon. I'll just give a quick summary and then I'll pass it to Porter.

Porter and I had two meetings with the church office personnel, Madeline and Camille. We first met with them on May 15, and the second meeting was on May 22. Several topics were covered.

The first one, which took a while, was the financial condition of the Rockland region, and Porter will be discussing that.

The second item that we talked about was the audit form that we want to do and the audit form that is currently ongoing with Deloitte & Touche, and, somehow, how we can combine these two efforts together.

The third topic that we requested that we would like to talk about is related to the special review that Porter and I would like to do, really related to the appropriateness of some of the transactions that was performed regarding reimbursements. And this is really outside and above the audit form that is being conducted. I guess Porter will be discussing the financial discussion later. After he discusses that, I would like to discuss more about the audit form and special review.

One quick note -- we already received a number of documentations from the church office, mainly the cash procedures. This covers pretty much how they collect money, how they control it, how they deposit it. This particular procedure is known to some of us, especially for those of us who are counting the cash after events or for special contributions.

They also gave us NYC Corporate Office critical duties, who does *[what]*, what the church office is doing, the roles and responsibilities, and the daily work that they do.

They also gave us the D&T management letter for year ending Dec 31, 2001. The date of that letter was July; however, the work covered was for the year ending Dec. 31.

They showed us three documents right then, but we could not take them -- we could only review those documents in the church office -- mainly, the expense authorization and approval. They also showed us the supplemental administrative guidelines, which cover employee benefits administration, which really covers medical and professional reimbursements. And the last doc that they showed us was a draft of the new policy that they are *[what?]*. I really don't know the timing, but it's a draft that will cover the future policy and procedure related to medical and professional reimbursements.

I'd like to cover the detailed audit work and the special review, but I think Porter would like to cover the financial condition of the church first.

FINANCIAL. STATUS OF ROCKLAND

Porter Ragsdale. Everybody have a copy of this? *[memo]* This is an overview on the front, let's reiterate what the pages already says. If you look in the third sentence it says, "In this meeting it was relayed to us that the Rockland Region was one of two regions that was running at projected deficits for the year ending 2003." Which we already talked about that in here. "Deficits are currently being funded through the working capital (reserves) of the church, but notice was given that this might end soon." So that puts us in a position that we have to work quickly. This information that was "provided as information for discussion only;" we can hand out a message, or provide or give more information. I think this is at some point is to be disseminated to the church. But we're starting here.

This was handed out last week at the sister's meet -- this first page -- but I don't know if the brothers got it or not. It was on the back of the bulletin that was handed out.

Phil Zayas. It was a separate handout.

Porter Ragsdale. It was separate? If you did get it, I don't....

Roberto Beteta. I received something very similar to this; it was attached to the financial....

Porter Ragsdale. This is through April, this is the most recent one. You see this is through April, and May will be coming out probably in a couple of weeks. This is from the church, Rockland people's sector. Everything is by sector. Everything is kept separately -- all expenses, revenue, etc. It's all kept; this is just an overview of that.

The next page is... Well, before we got to the next page, you see the deficit. It says ACTUAL on the 2nd page. Actual deficit through the first four months of the year.

Roberto Beteta. This is comparable to what we saw through March.

Porter Ragsdale. Okay, well, this is through April, even more up-to-date. So this is actual. We brought in \$162,000; we spent out \$241,780. So that's the deficit of \$79,000; that's on that period right there. So that's the deficit.

Wayne Richards. It was my understanding that the budget was to be at a deficit also?

Porter Ragsdale. I have a picture of the budget. I think the budget is based on projecting a deficit.

Phil Zayas. What does that mean the budget is projected at a deficit?

Porter Ragsdale. It just means that, well, really the budget really is -- in my sense, this is -- not really a budget. A budget is where you take a category and you devise a spending agenda, and you work within that agenda. What they tend to do is to take the money that came for the previous year, and then whatever came in is *[what]* the budget will be for the next year, in all these categories [...]. So a budget is really just a projection of revenue based on last year.

Pat Maher. And it seems like, probably, the implication is that they were counting on special contribution for that also?

Wayne Richards. Or church growth.

Porter Ragsdale. No, they don't project that. They don't project church growth. They may project the previous year special contribution as a part of revenue, but, again, you don't know until.... So I guess in answer to your question, I have ... *[looking for paper]* I have it somewhere here, but I'll pass this around if you want to take a look at that. This is the 2002 actuals. That's actually what happened during 2002. Those figures are what *[were]* projected ahead to the 2003. So if you see that, you see what's here on 2003. I'm sorry I can't find it. We started talking about it, and we spotted that everything is running behind, and we just kind of looked at this budget,

and we said, "What do we need this budget for?" I feels like -- we're not meeting it, it's just numbers.

So anyway, the next piece of information is, we just decided to build a forecast starting July 1. We're already at the first of June and by the time we get any additional information, we will be in July. We just said, let's just go ahead and forecast starting for July 1.

Phil Zayas. Was this you and Abe forecasting?

Porter Ragsdale. No, this was the church providing us this format, and that's what we did. So, basically, you look at what's on the budget that's being passed around, and plug those numbers in, that's what you have right here with a couple of exceptions. The \$7600, if you look at the top number "average of current contrib." is \$7600, that's through, that's really not even accurate through April, if you look at the previous page. But it's a number that we had to arrive at. We just picked a number.

Wayne Richards. It could be a good number...

Porter Ragsdale. It could be a good number, may not be a good number. It's a reasonable number based on what we've done for the first few months. So this is where I am -- 6 month forecast. Everybody see that page? Top across numbers \$7600 a week, if you do that for 26 weeks. I don't have the total amount, but if you take the expenditures and come down to the bottom of the last page, I mean the last column on the right, says \$349,604. That's the projected expenditure based on the budget that they've provided us. You subtract that from \$7600 per week for 26 weeks and you come up with a projected deficit of \$154,714.

Phil Zayas. What's this line here, why would we be "required" \$13,552?

Porter Ragsdale. Now you're getting ahead of me! *[Laughter.]*

Phil Zayas. Oh, I'm sorry! *[Laughter.]*

Roberto Beteta. If I could just remind everyone that we're going to keep raising our hands, still be sure you just raise your hand so that we don't...

Porter Ragsdale. I think I'll answer your question. But anyway, so that's what that number is there. You take that number forward the projected deficit for 6 months, based on \$7600 a week, and the revenues expended.

Abe DeLeon. Just one additional -- if we take this \$7600 it was, I guess with experience from the last couple of contributions, that was, that's the figure we came out with. It was a drop from the regular contribution I think of \$10,000, something like that. You know in the previous, past, before these things occurred, before the crisis occurred, we were collecting approximately \$10,000. Before now recently that's been the average contribution.

Roberto Beteta. If I could just ask, within what period are we talking about? April 2002 through what, to get that average?

[Abe DeLeon, Porter Ragsdale, Roberto Beteta discuss briefly, garbled.]

Pat Maher. I think there was one a few weeks ago where the total contribution was \$9600 on a given. That's where that figure was coming from, but I couldn't tell you.

Roberto Beteta. And the week before was \$4600, if you take the average. We could put any number in there that we want to put. The purpose of all this, in answer to Phil's question, is what is required to make a zero deficit at the beginning of the year, at the end of the 6 months, and that's the \$13,552.

Phil Zayas. To make up for the \$79,000 that we're already in deficit?

Porter Ragsdale. No we started out clean on that. They said that basically we could start fresh from July 1. They're not going to come back on us and come after us for the rest of that money. So that's why we started on 1st of July. So the deficit is a fresh deficit, a 6 month deficit, and then it takes \$13,552 per week beginning July 1 for 26 weeks to make...

Phil Zayas. And that's only if we keep everything the same.

Porter Ragsdale. Keeping everything the same. So, at some point we can take this forecast and we can plug in the numbers that we want, and you can project whatever you want to project. So this is a good tool for forecasting. This is just to give us something to start with. So we either get our contribution up to \$13,552 dollars [*per week*] or we can whittle away at these expenses, that's the bottom line on that.

And then the last one was the actuals. Basically, picks up the first 4 lines, same sheet that was handed out, two pages earlier, and then July 1 picks it up and [...] moves forward, okay? Any questions?

Roberto Beteta. Any other questions for Porter?

Phil Zayas. Real quick, this shows that from April, contribution was \$5009 then the contribution jumped to \$7600 or so. Was that after we gave the salaries information?

Porter Ragsdale. Where are you?

Phil Zayas. [*pointing out*] It jumped from \$5009 to the \$7600. I guess this was after we gave the salaries information?

Porter Ragsdale. I don't think there's any correspondence in that. No.

Phil Zayas. No?

Porter Ragsdale. I don't think so.

Wayne Richards. My guess would be that that was an actual for April and this, we're on projected for May.

Roberto Beteta. Actually, Abe and Porter, if I look at the number you're showing, is that an average, the \$5009, is that an average of what happened in April?

Porter Ragsdale. Yes, it's an average for April, and you can kind of see how we arrived at that \$7600 number. It's kind of an average of the last four months.

Abe DeLeon. Actually, Roberto, in January, that's, in the past, that was the average was, in my understating, that's what the average was up until January.

Roberto Beteta. Any other questions for Porter? We'll keep it moving here.

Porter Ragsdale. We're not through yet. *[Retrieving additional papers.]* Okay, this is, what it says. [...] We request salary models, we requested the limits and controls for budgeted and unbudgeted items, and we requested the administrative guidelines for professional reimbursement expenses, which include medical, dental, eye-care, and other related items. Now, salary models and actual reimbursement records for Rockland still need another authorization. So those two things were not, they were, the actual reimbursement was not released to us. So if we wanted to go in and look at...

Phil Zayas. Do whatever...

Porter Ragsdale. ...Whatever was our intention, we had been told by Madeline that we could do that. But when we got in there, Camille said that Paul Ramsey, who is the HR Director (I guess that's his title) had indicated no. He was out of town, so they decided not to make those available. They were going to resolve that between themselves. So actual going into files, looking at professional reimbursement expenses that relate to the actual guidelines -- we have not been able to do that. We looked at the guidelines, but we were not able to put it into action. So that's the next step. We will hear from them this week, and they'll either say yes or no, or we'll have to get, maybe the professional staff would have to give their authorizations [...] and the salary model was not released either. We have to look at that.

Roberto Beteta. Porter, I'm sorry, just a quick question. You were saying that you were given authorization per whom? Who gave you which one?

Abe DeLeon. When we met first with her, she said, "Yes, you can see it."

Roberto Beteta. Madeline?

Abe DeLeon. Yes. And when we came back the second meeting, because Paul Ramsey said no to some other groups, they just want to be united in their decision, so they're working among themselves, and they will tell us exactly where they stand.

Porter Ragsdale. So that's, there's another meeting that we're going to have to go into to bring a full actual report.

If you look at the second paragraph, it says "According to the Rockland Region financial report...", which we just got through looking at, it says "the professional reimbursement

expenses for 9 ministry employees total \$18,681.00. This is an average of \$2076.00 per employee for the four months.” That’s right off of the actual numbers.

So what does that information, what are those numbers, comprised of? Well, that’s what the following information is. “Medical benefits. All full time employees receive health care benefits/insurance.” But where the professional reimbursement comes in is in addition the church provides [...] reimbursement for employees which provide 100% reimbursement of out of pocket exp provided the insurance policy has coverage for the requested item. So in other words, everybody has health insurance. Pay is, the insurance pays 80% let’s say, your out of pocket is 20%. The ministry staff can apply and be reimbursed for that out of pocket. That’s a part of the \$2,076 per person.

[Reading from the memo.] “Dental Insurance. All full time employees” -- this is, again, I’m just giving you what I’ve been giving, what we’ve been able to get so far, there’s a lot more to go, but this is all we have for the moment -- “All full time employees receive dental coverage which appears to be adequate and reasonable. The church reimburses all non covered out of pocket dental expenses such as check-ups, cleaning, crowns, emergencies,” and there’s a whole list of things that they reimburse. “Additionally, orthodontic expenses are provided through the primary insurance coverage up to \$3,000.” The church also reimburses orthodontic expenses up to \$3,000. “Eye-care. Full reimbursement for eye care expenses every two years for each family member.” And always proper documentation for any reimbursement has to be provided, a certain protocol has to take place, if that’s not followed, if they don’t do it the way it’s supposed to be *[done]*, it doesn’t get reimbursed. “Reimbursable Ministry Expenses,” which is a part of the professional reimbursements. “Auto mileage,” and they use the IRS guidelines on them. Examples for reimbursement are, “retreats, church services, church errands, leader meetings, discipling times,” and there are limitations there -- at least that’s what the guidelines say. You can see the rest of it. “Telephone. Church policy is to reimburse three phone lines, primary, fax, and cell phone, or an internet line can be substituted for one of those three but is limited to \$50.00...” a month, I didn’t put it there, but it’s \$50.00 a month, and “There is a \$150.00 limit” per month “on cell phone reimbursement per family.” Again all expenses have to be documented and be related to the ministry. If they’re not related, they’re not reimbursed, and if they’re not filed on a timely basis, they’re not reimbursed.

Pat Maher. I can vouch for that. We submitted [...] children’s ministry expenses and [...].

Porter Ragsdale. Didn’t do it on time, you say? They, they run a tight ship in that sense, they won’t let it go beyond 30 days.

Phil Zayas. Are there any more handouts, is there any [...] on here? What is our position, what is our standing towards staff, and did they say anything about, people with severance. I mean that, is Rockland on the hook for that severance or is the church on the hook for that?

Porter Ragsdale. Well, the only severance at this point is the Banadyga’s, and that’s included in these figures, Lisa Patterson was, but she fell off in the middle of May, so really the figure, the 9 figure is 8 ½.

Phil Zayas. Who’s the half?

Porter Ragsdale. Lisa Patterson went through the middle of May, that would be 8 ½.

Wayne Richards. What about Matt? Is he [...] on there [...]?

Porter Ragsdale. I think, hold on just a second, there's some notes here, I passed around 2002 actuals, where are they? There's a copy passing around? I have some notes on that one. Matt, Allie, Todd, and Lisa, are funded, were funded by ACES. Fridley's, Boyd's, Landino's severance funded by ACES. That's in 2002.

[Several at the same time.] Who are the Landino's?

Steve Johnson. Landino. Vanessa.

Porter Ragsdale. Vanessa. Vanessa Landino.

Phil Zayas. So right now we have, the Kinnard's, as far as Rockland budget, the Garrison's, the Banadyga's. That's it, for severance.

Porter Ragsdale. In terms of salary.

Phil Zayas. Salary.

Porter Ragsdale. And benefits, whatever you call it.

Phil Zayas. I thought [...] okay.

Porter Ragsdale. Actually if you look at the \$41 thousand that comes across in the 6 month forecast, that should drop, that should drop, but we don't, we didn't know what it's going to drop to.

Roberto Beteta. Porter just a question. You mentioned that it was funded by ACES. Now, we talked about the previous salary funded by ACES. If those salaries roll over to the Rockland region, am I to understand that they, because you said that they were included in this projection. I'm trying to [...].

Abe DeLeon. [...] Regarding the actuals, ACES funded, ACES provided funds for salaries [...] included in 2002 but now since ACES is no longer there, now it's part of the [...]

Porter Ragsdale. To my knowledge, all those severances have been resolved. We're not carrying over into anything as far as 2003.

Roberto Beteta. Okay. How about the existing, because we still have -- I'm assuming Allie is still with us?

Abe DeLeon. They are still with us. They're on -- they're not getting severance.

Porter Ragsdale. Allie, Todd, Banadyga's severance, Kinnard's, Garrison's. That's our staff.

Phil Zayas. And 8, I'm assuming [...] so we really have 8 employees. The Banadyga's have stepped out, so that's only severance. Do we have an idea of how long is their severance? Obviously, it'll be a year, at least?

Porter Ragsdale. Two weeks for every year. Buzz's been around for 15 years at least.

Wayne Richards. I remember that Camille mentioned that we paid Connecticut, that was, for Lin Beaty, is that on here?

Jeff Brewster. She was dropped. With two days notice.

Porter Ragsdale. We're, yeah, so, Lin Beaty, it's no longer an issue, financially.

Roberto Beteta. Yes Don.

Don Hanson. On one sheet you have July through December. It shows compensation of \$41,000 a month. Then, on 2003, actuals shows compensation from July on of \$36,000. What's the difference?

Phil Zayas. Where are you?

Don Hanson. [Points out.]

Porter Ragsdale. I couldn't tell you. All I did was translate the figures and work from the budget.

Roberto Beteta. Yes Phil.

Phil Zayas. When a person goes on severance, now, do we expect the NYCCC to pick up some of that severance, or is Rockland on the hook? Every region are they responsible for, you know, because we've had a lot of people resign in the whole church.... Is each region responsible for their own staff that steps down?

Porter Ragsdale. That's the way I understand it.

Roberto Beteta. Yes, Pat.

Pat Maher. How does that get impacted, as far as deficit spending if you will. Is there a prioritization of, you know -- let's say the church stops funding us tomorrow for the deficit, is there a [...] as far as are we legally obligated to fund a severance package, so...?

Porter Ragsdale. I think the -- this is just a guess -- to answer your question, we are under the NYCOC, whatever the obligation is would just be passed on to us.

Abe DeLeon. I think, I guess, in indirectly answering your question's impact, I think we as a group also we need to decide based on the deficit, absolutely, ministry staff that we can afford, and rents that we can hopefully afford. The last item here, management fee, that's, a majority portion of that goes to fund the church office, and...

Jeff Brewster. Whatever we decide, how we're going to [...]

Abe DeLeon. [...] These are some very tough choices that our church needs to make moving forward.

Roberto Beteta. Yes, Don.

Don Hanson. In what you've had a chance to look at so far, procedures and numbers and so forth, have there been any irregularities so far?

Abe DeLeon. I'll go to that.

Roberto Beteta. Is there any other question? Yes, Pat.

Pat Maher. My question goes to, clearly we can decide certain issues, but are there any legalities, is that what you were saying? For instance if a company ...

Porter Ragsdale. I think the legalities are going to exist way above us, they're not going to fall into our laps.

Roberto Beteta. I have a similar question just on the severance, so do you understand it clearly -- two weeks for every year that you serve as an, in ministry?

Porter Ragsdale. Yes.

Roberto Beteta. Okay, that was the one thing. And Steve [*to Steve Johnson*], I think from one of our other meetings I remember that you mentioned that, whenever you brought someone on board, and some of these people have been on board for a long time, there was a severance something or other brought with them. Or, I've forgotten how that was discussed. In one of our meetings we had a discussion. I'm just recalling. So in other words, let's say we brought a new evangelist on board. Did we carry any kind of severance, was there a severance package already brought with them, from their, like I said some of these people have been around so long that may not apply to anyone here, but was there any set-aside money, I guess is the question, that was called severance? Or did that just hit the Rockland bottom line? And that's a question for Porter and Abe as well.

Jeff Brewster. A way to look at it a little better, like a Kelly Boyd, came over from South Carolina, 17 years. Is Rockland on the hook for 17 years and 2 weeks per year severance pay, is that what you were asking?

Roberto Beteta. Well certainly, and obviously Boyd's were [...] in Jersey before they came to Rockland.

Wayne Richards. But ACES paid that severance.

Roberto Beteta. Oh, I got you.

Porter Ragsdale. ACES funded, again, it goes back to what was on those sheets, it's on the last page. Fridley's, Boyd's, Landino's are funded by ACES.

Roberto Beteta. Well then my question would be, did ACES fund the severance as well?

Porter Ragsdale. That is the severance.

Phil Zayas. The Allie and Todd, you had mentioned that they were on, that Allie and Todd were on the ACES payroll last year.

Porter Ragsdale. Last year?

Phil Zayas. Well was it all last year, part of this year until ACES kind of closed its books?

Porter Ragsdale. I think they've been on payroll with the church all this year.

Phil Zayas. All this year.

Porter Ragsdale. They were funded last year, I think, by ACES, last year.

Phil Zayas. Now, if severance, now the Rockland region has to pay severance?

Porter Ragsdale. No severance.

Abe DeLeon. They're still on payroll.

Phil Zayas. No, I'm saying if, if we as a group or as a church decide not to employ them, are we on the hook for their severance? [*Porter Ragsdale nods head.*]

Roberto Beteta. Any other questions related to this before we get to Abe's in just a little bit?

Pat Maher. Legally, a company goes bankrupt, definitely they [...] before [...], are there legal obligations around that?

Abe DeLeon. I'm not sure. Salaries, there may be legal obligations. I don't know. I think that's one of the things we have to find out.

Wayne Richards. I have a question with the severance. If somebody goes from our group and works for another church, is there severance?

Porter Ragsdale. No

Wayne Richards. But if they go from our group as an employee, and get a job outside the church, there is severance?

Porter Ragsdale. Yes.

Roberto Beteta. Any other questions? Any others? All right, Abe, let's do yours.

AUDIT AND SPECIAL REVIEW, NYCOC AND ACES

Abe DeLeon. I guess we're, I don't know. At what point, after you know about the things, do we need to, some kind of, discuss it urgently, as to what we want to do as a group or as church? Because at the end of the day, we have a deficit. And it will no longer be financed by the other sectors, or it will no longer be financed by the other, you know, by the working capital. So I don't know when we need to address that.

Roberto Beteta. I think, if I'm understand it correctly, we have to address that. It's really our understanding. July is the date. It's around the corner. The writing is on the wall, and we have to spend within our means. So, we most likely have to make some relatively immediate decisions, as a church. Okay, Abe, do you want to cover your notes?

Abe DeLeon. Okay. I don't have any handouts, but I'm going to type up the results of all the work done, after we've had, you know, after we've completed the work. But the two topics I'd like to cover are the audit work, and continuing on into the discussions which, with Porter, we already started to talk about.

Now, as it relates to the audit work, what happened was, to give you some quick historical background in what we did. Initially, when we spoke about this in the room and I was given the task of at least trying to proceed with this, I drafted a detailed audit procedures, together with input from at least at that time the team that we put together, based on their discussions with the elders. I gave this detailed audit procedures to the church office, really in effect wanting to assess the overall control environment.

And after this was submitted, the church office got back to me and said, "You know, hold it guys. I think a lot of the work that that particular document that you're pursuing is already being done by Deloitte. And this is going to be a lot of duplication of effort. And at the same time, we don't have the staff nor the manpower to support another audit work, because we're supporting the one right now."

So I had the discussion, Porter and I had the discussion with Madeline and Camille, saying, "Yes, that's true, but I just want to know the scope of the coverage and the detailed audit testing that they are doing." You know, for me to have an assurance as to whether appropriate areas are being covered.

Basically, my experience with public accounting firms is that they do the amount of work based on the fee you pay them. They're very highly qualified, except that if you pay them a fee, they'll scratch the surface and do the bare minimum at the same time. You know, at the same time they have a lot of clients, they jump from one to another.

I had more discussions with them. What they did is, I sat down with them further, and they kind of gave me what they perceive based on the documentation that the board was requesting the church office. What exactly were they covering, and internal controlling documents.

They mentioned to me controls regarding the contribution, excessive purchases, expenses, controls related to authorizations, receivables, prepaid items, accounts payable. They also

confirm our balances related to the bank. They speak with outside legal counsel for any issues related to the church, and at times they also observe the way that contributions are being collected. They go on-site with a particular sector and observe how they are being, how the contributions are taking place.

Now the question that I really had to assess and also think about, where I guess their manpower and where Porter and I can be really effective. And based on our discussions with the church, and unless you guys disagree with this, I came to the conclusion. From an internal controls perspective, and based on my discussions with the church office, we can pretty much rely on the work that Deloitte is doing.

And I feel our efforts should be devoted to the third special review that we would like to conduct. Because this is an area wherein it's really above and beyond the scope of what Deloitte & Touche is doing. It's that, what they are doing is how they control the operations of the church, how the expenses are being approved, and how they adhere to the policy.

But I think what Porter and I, what we would like to focus on is the appropriateness of some of those transactions. Whether we perceive it, and you know, I guess this is a judgment call, whether some of the transactions there were appropriate or not, based on how we see it and what we see in corporations, for example. And we would also like to focus our attention and discussion as it relates to the special contribution. Some of the decisions made, how it's allocated, and whether there are proper controls in place.

Now as it relates to the special review, Porter already alluded to the fact that we got some documentation. We looked at some of the documentation, mainly the expense authorization, supplemental administrative guidelines which covers the benefits package, and which also covers the professional reimbursements, and we also looked at the draft of the new policy.

As a result of the review of some of that documentation, we came up with a number of questions related to the whole procedure...

Porter Ragsdale. Existing procedure....

Abe DeLeon. The existing procedure. We came up with a number of questions wanting to receive more documentation relating to, for example, the expense and education accounts, how it's being approved. We wanted to look at, for example, if an existing ministry staff comes to our sector or gets employed in the church, and gets, as far as that policy we saw that in terms of reimbursements, there's a policy that in terms of existing debt that this ministry staff carries on, what's the authorization approval for this individual to get that forgiven, you know these kinds of things, and severance packages -- we would like to get more information.

Porter Ragsdale. There was an item that this question relates to, that is, I can't remember the exact word, but it said, [to Abe DeLeon] uhm...

Abe DeLeon. "Pre-employment Debt."

Porter Ragsdale. ... "Pre-employment Debt," that's what we're asking for. What exactly does this mean; what is it used for?

Abe DeLeon. So a number of questions related to this. And part of these discussions will also, one of the things we're going to look at is actual documentation. Payment invoices and actual, you know, what exactly happened. Porter alluded to the fact that Madeline said yes, but Paul Ramsey said they need to get, you know, they need to come to agreement, and hopefully, soon, they'll let us know exactly what they're doing. And one other thing, and *[to Steve Johnson]* Steve this relates to yourself, I had a discussion with Connie. And Porter and I agreed that, since you're a part of this congregations and I'm sure of this, the congregation would also like to see some of your reimbursements. Madeline suggested, because they don't have the documentation at least for the prior year, Madeline suggested that we contact Connie. I got in touch with Connie. And, I told her, you know, I told her about what we were doing, and what we would like to accomplish. And she told me she was going to get back to me. She needed to check with the board. And she got back to me a couple of days ago. And she said, "The board said no -- we cannot show you that documentation related to reimbursements, and so forth." However, she said that she will give me the policy related to ACES, so that we could review it, and she also said that if Steve, if Steve will agree for us to release it, then we will, but we cannot just release it, that it's up to you. So I bring that to your attention; it's something that you can do...

Steve Johnson. Well, for the November reimbursements that I already gave Wayne, that was with ACES. I don't have to apologize.

Abe DeLeon. Listen...

Steve Johnson. That was ACES, I've already done that.

Abe DeLeon. Yeah. I guess what we're trying to do, in terms of the review, is we want to cover all of 2002, and we would like to take samples.

Steve Johnson. November was a sample; I've already done that.

Abe DeLeon. Yeah. We would like to take more samples. If that's...

Porter Ragsdale. All the twelve months of 2002.

Abe DeLeon. That's correct, if that's...

Steve Johnson. Twelve months is not a sample. I don't understand -- I thought we already sampled.

Abe DeLeon. What we would like to do is take more samples, because one month, for me, it's not, as an audit professional, depending on what you'd like to see...

Steve Johnson. I...

Abe DeLeon. It's a judgment call, Steve, at the end of the day it's a judgment call in terms of what we need to look at. And I guess it's a...

Pat Maher. Typically, if this was, if you were Deloitte & Touche coming in, or any other company, and you had a twelve-month period, how many samples would you take?

Abe DeLeon. I think...

Pat Maher. Is one month reasonable? Is it ludicrous to think that one month would be taken?

Abe DeLeon. For me, if, you need to base the sample based on expense category. You need to base your example, maybe you don't need to, you don't need to take all twelve months because that's crazy if you don't have the resources. Maybe you take every other month, you know, January, March, and in doing that, you need to break it down by expense category. You know, obviously you cannot do 100% sampling, because that's, that's not what we're doing anyway, but we just want to...

Jeff Brewster. Well what's, what's the purpose? I mean, were the ACES books audited by Deloitte & Touche, like, say the church books were? Are we verifying? What's the overall goal?

Abe DeLeon. Let me give you, let me give you an example, and I draw this from corporate experience. One time I did a travel and entertainment audit, in my prior company. And what happened was a lot of the procedures were being adhered to, okay? And this may be a bad example, but just to clarify the point, a lot of the procedures were being adhered to. Sign offs were occurring, but we found a managing director that, instead of taking a commercial airline, this individual was taking the corporate jet, wherever he wanted to, to travel, and you know he was getting the right approval. But as audit professionals, we still had to bring it to the attention of senior management because at the time, I guess at a time of economic cuts, you know, people were getting laid off. And this guy is not taking commercial airlines, which is much cheaper -- he took the corporate jet to the Hamptons or to wherever. And we felt like, boy, this is crazy. Even though he got the right approvals from his superiors, this is not right. That's what we're trying to say. You know, I'm not saying this happens here. *[Laughter.]* I'm not saying, you know. It's another example that policies being followed but...

[Tape runs out, the following section is transcribed from handwritten notes.]

Roberto Beteta. In your original proposal, you were looking for three years, right?

Abe DeLeon. That proposal was related to the Deloitte & Touche audit work. Now we're proposing to trust the Deloitte & Touche work to verify adherence to procedures. We don't need three years. We just need to focus on the special review. This is not to do a witch hunt. Our goal is to bring back the trust in the congregation. I expect that this will help. There have been many allegations and questions that have been asked, we need to do this.

Phil Zayas. Let's make the request and let Steve Johnson and board respond.

Abe DeLeon. Hopefully, the example I gave you earlier served the purpose to show what we want to do.

Pat Maher. *[To Steve Johnson.]* Do you feel good about this?

Steve Johnson. We already did it. I'll have to seek advice. I talked with a brother yesterday who is very intelligent, and based on information we gave, he had calculated my salary at over

\$200,000. It seems, so far, that every piece of information I've given has created more suspicion towards me.

Pat Maher. [To group] I think that sounds reasonable.

Abe DeLeon. I think I am sympathetic with you. I know you must be bombarded with unofficial requests right now. But what we're doing here will help, we believe. It's professional, and we want to have high credibility.

Roberto Beteta. Yes, Don.

[Tape turned over; the following is a transcription.]

Don Hanson. Assuming you have access to those items, how long will it take you to finish what you're doing?

Abe DeLeon. If we can get the information, one day. [Confirms with Porter; Porter nods.] We should be able to get it done, because I don't think it will take very long. And I think one of the big steps that I'd like to focus on is, you know, the church is also, like I mentioned, they're putting together a draft of the new policy that will be in place moving forward. And from what Madeline said, it's in circulation with a number of people. That will cover the changes that they will propose for the future that will address some of the concerns. So I guess, I know we are looking at the past here, but hopefully the perspective is to look at the future and make the changes.

Don Hanson. Follow up on that. Assuming you had one day and you had a chance to review it and everything was in order, would you be in a position to make a statement that you have reviewed it, the books and records, and everything was in order and there were no findings?

Abe DeLeon. Well I guess this third review would definitely cover some of that, but the Deloitte & Touche work is really covering the improprieties and controls. I think this third review would say, okay, they were wise in spending the church's money, and they were within the guidelines, and these types of statements. We need to be careful with how we word it, based on what we've seen.

Porter Ragsdale. I think they need the rest of the questions.

Abe DeLeon. Sorry?

Porter Ragsdale. I think you need to read the rest of the questions to the group. You stopped reading about question two.

Abe DeLeon. All right.

Porter Ragsdale. These are the questions that we have derived from what we have been shown. This, once we've shared it with you, will go to Camille for answers. And when we have the answers, then we'll have something to answer with.

Abe DeLeon. Okay. I'll give you an example of some of the questions. This is based on expense authorization approval.

- Provide actual example/documentation of a "budgeted check request" greater than \$50,000 for 2002 and part of 2003.
- Provide actual examples/documentation of a "budgeted check request" less than or equal to \$50,000 for 2002 and part of 2003.
- Under "ministry approval for any expenditure," what are the controls in place if the evangelist that is authorized to sign is the one making the expenditure request. Describe the dual controls in place.
- Clarify "salary advances" and their purpose. Is there a policy related to "salary advances?"
- Explain "loans to other ICOC entities." Provide examples of loans to other ICOC entities given by the NY church.
- Clarify and explain all "salary model" for ministry and active staff, i.e. "responsibility adjustment." Provide documentation if available.
- Explain the process for new ministry hires.
- Explain expenditure policy related to pre-employee debt for evangelist, ministry personnel, and all others.
- Provide actual examples/documentation of expenditure related to "fixed assets" for the past few years.
- For personnel who were set up at home, does the church pay for the furniture units and office equipment? If yes, what happens to the equipment when the individual or couple leaves?
- Explain authorization and approval policy on educational grants and/or reimbursements given to minister and church employees if applicable.
- Explain expense authorization approval policy on special loans and or grants given to ministers and church members if applicable.
- Explain expense authorization and approval policy on business trips accompanied by family members.

These are related to the expense authorization and approval.

Roberto Beteta. Any questions for Abe on that? Jeff, did you?

Jeff Brewster. Well, if the goal is trying to build trust with our members, is there any reason we can't say, as a group we are examining the records but at this time we have not found anything of

an improper manner, and that we are beginning to dig deeper and continue to look and have policies in place. We can build trust back with the people. Unless there's something you've seen that's been wrong, excluding that, then you need to put some kind of statement forward saying we haven't, in a positive manner show that. So I would like to suggest that we do that.

Porter Ragsdale. You have follow up with that Pat?

Pat Maher. Could you describe in your own words what you're feeling right now about the process? *[Several speak at the same time.]*

Roberto Beteta. Yeah, if we could just get, and I think that's important, I'm hearing what Jeff is saying is important, but can we get both your personal and your professional feeling at this time?

Abe DeLeon. This is, this is just my own personal opinion. I think that the church office is run well I think that the guys there really do a lot of good. I like dealing with them. And I think they also, this is not bragging, I think that the way Porter and I approached them, you know, they feel that we know what we are doing, and that's why we're getting lots of cooperation from them, except for the roadblocks. Because a lot of people are bombarding them with all kinds of information requests, I think I don't want to be in their shoes. And the way we've been approaching I think so far, we've been approaching in such a way that we're building trust on their side as well. And they're pretty much cooperating and hopefully soon we can see what we would like to see moving forward. I feel that from my perspective right now from an internal control perspective, they are run well. Okay. I think they have internal controls in place to be able to say that you know that a lot of the operations are run well. The only thing that I saw right now based on the review of existing policy and the documentation that we have is that the benefits package are very, if I can use the term, very generous compared to what I'm used to in corporate America. That is the biggest thing, rightly or wrongly, that is my assessment of what I have seen.

Steve Johnson. Is there any specific area of the benefits?

Abe DeLeon. Out of pocket medical reimbursements, paying that 100% is I feel is...

Roberto Beteta. Okay, let me just, again not to lead you down the road, I'm just trying to understand, so right now the internal, just to move this along, the internal aspects of control for the church you agree are run fairly,

Abe DeLeon. From what I've seen so far fairly well...

Roberto Beteta. From what you've seen so far, okay, but you're not completed. Some of these question relate to that third category, the special review. Is there anything else, and then I'd just like to get Porter's view.

Abe DeLeon. I guess from my perspective it's a little generous, and I guess what we would like to see is that although this is policy now, we'd like to see how it is implemented. That's the reason why we are using some of the words, wanting to see the actual reimbursements, because policies are one thing but actual implementation is another thing. And we also need to balance

that with the fact that there is a new policy right now that's being circulated, and won't be in use for some of these new area.

Roberto Beteta. Wayne had a question.

Wayne Richards. Along that same line, with Deloitte, who, what I understood is because of constraints you pretty much feel good about trusting whatever they come up with even if you never audit their work.

Abe DeLeon. That's correct, and this is based on what they've done in the past and also on my discussion with Madeline and Camille.

Wayne Richards. Just in your opinion, are they doing the level that you came expecting? Is that what you're getting? In other words when you came in did you expect to see what you saw, as far as the depth that they're going to?

Abe DeLeon. Well no, not yet, because one of the things that I'm still waiting for is the [...] that, but from what I've seen so far it looks like they're covering the right areas from an internal control perspective.

Wayne Richards. We haven't heard Porter's view yet.

Porter Ragsdale. I would reiterate. I like Madeline. I think Madeline's [...] She gives you a lot of information, which is good. I'm impressed with her, I think that she [...]. I agree with Abe. I think that the reimbursements and [...] in regards to the statements you made about making judgments, I think the confidence and trust should come from the fact that we're doing this at this point, and that we're trying to reveal it. We need to get as much information as possible to the church, but we need to do it in the proper time frame with questions to every answer and answers to every question that we can come up with, so that we don't leave a lot of people with, "Well, why didn't they ask this?" and, "Well, gee, I don't know about that." I think we're coming to a good place.

Jeff Brewster. Well, I have to say, I 100% disagree. We will NEVER answer every question. We will NEVER take care of everybody's concern. We can't be focused and concerned, it's not our position to EVER do that. We can't. It's an impossibility. There will always be questions and there will always be concerns. We've got to focus though on what is right, and what is the right policy and what is the right procedure. If they're adhering to the right procedures, and if we haven't seen anything, we can make, I think we can make an initial statement based on what we've seen today.

We see that they are cooperating very diligently. They are providing information. There are other constraints going on in other regions and other groups that are trying to do this. If the church office catered to every single one, then we'd be all over them for not being compliant with [...]. We've got to give them some reasonable sense.

But at the same time, making some preliminary statement saying, well we can't totally, well, we're, we'd be better, our initial assessment, we are, it's going to take a while to do that, but let the church know that that's taking place. I think it is reasonable to say well at this point we feel

that things aren't going in a good manner, but we've got to get more details and will continue to do so. We're not giving an overall final statement, but we can say at this time we haven't been able to find anything of a negative nature that shouldn't be, but we'll continue looking in more depth at it. I don't know why we couldn't make a statement like that, unless there is something wrong.

Phil Zayas. Well, how long will it take before we, before you guys feel like all right we've gotten a full, a good picture, a pretty complete, I mean it doesn't have to be totally complete but a good complete picture, of not only Rockland but [...] how long do you think, are you talking about another week?

Abe DeLeon. It depends on how long it takes them to respond to us. I want to get it done next week if I can.

Phil Zayas. I think we need to make some kind of a statement...

Abe DeLeon. I need to, because I am not able to do this any more! *[Laughter.]*

Phil Zayas. I think we can make a statement, though, that it is in the works. I'm not sure we can make a value judgment as to...

Jeff Brewster. That's what I'm saying.

Porter Ragsdale. But you didn't say that at first.

Phil Zayas. I'm not sure we can make a value judgment as to, you know, we feel great about it because, you know, and still we need to get more answers. But, if we can put something out, they know we are working on it, diligently, then that by next week we can say we anticipate a complete picture, but obviously we're not guaranteed that, but we need to at least let the congregation know something's coming. We feel great about it but, you know, it's not a complete picture.

Pat Maher. I mean that's exactly what I would urge, and kind of what I'm hearing. It sounds to me like you're saying, so far it's gone as we'd hoped for. We're not hearing, you know, we're not hearing any shifting mirrors, we're not hearing of any this, we're not getting double talk. We're looking for your opinion if the issue with the HR guy, if you feel like, hey that's reasonable, he's out of town, [...] all the time, this is it. We just want to make sure that that's accurate information. These people are being bombarded by one-off people calling them up, they're getting harassed, they're going to be...

Abe DeLeon. They are getting harassed.

Pat Maher. Yeah, and I think it's incumbent to make sure we say, okay listen, from what we're seeing, so far, it's as we've hoped. I think we can put that up. If that's not how you feel, then that's not what we need to hear, but if it is, let's hear it so we can let people know, come on guys let's give them a break.

Don Hanson. Will you clarify? [...] Paul Ramsey's concern is reasonable [...] law provides. Law provides for protection of employees, you're trying to get individual information, this is not policy [...] rights protected by law. Now if they want to waive those, and I would hope they would [...] but he has a job, to protect the church from a lawsuit from anybody who would claim, "Hey, my wife's rights were violated."

Abe DeLeon. Especially, Don, especially as it relates to medical reimbursements, in my understanding there's a privacy law there.

Don Hanson. Yes. And just further along that line, I think it's important to get some communication out to help the congregation [...] finances [...] their number one question was in the beginning. We need to get them some assurance that – one -- it's being worked on, and -- two -- so far you can say this, there's no irregularities, and the church office is cooperating. I think that will help calm the waters a little bit. We don't want to lose anybody, nobody in this room wants to lose anybody in my opinion, [...] I think we've got some other problems to address. But that certainly is the big one.

Roberto Beteta. I think I agree with just about everyone. The challenge here that I have, the only challenge I have is, and again I would have to go back to Abe [...] Porter, right now what I think what's going to be summarized in this meeting is probably going to be just that, it will be a transcript. There will be, this is going to be, people are going to read this basically because it's going to be transcribed and it's being recorded.

So in essence I think we've made the point that they've helped you, they've facilitated you. We've made the point that there was a roadblock, but an appropriate roadblock, and again I don't want to add, my only fear and at least that is our history currently, is that we make a statement and then the complete questions, which are excellent questions, I saw no question there that I would have missed from the questionnaire that we had, but those are some questions that I'm assuming you generated from the meeting, and those are important questions to be answered. I think as a facilitator, meaning they're facilitating you, and statements have been made already that will cover the questions without necessarily putting yet another paragraph that will add to that. I personally feel it's unnecessary.

What we've said already will be transcribed in the notes. We'll have a summary, maybe in the content of the summary some of that will come out. But it's been said. So I think to add, to add and to yet not deliver once again, I know Abe's situation in terms of how much time he has to devote. He has a new job; he has a house he's trying to finish, and I could go on and on. So he's going to try to wrap this thing up relatively soon. So I think in an effort to be complete, we've waited this long, let's give them a week.

And understand everyone on the team, I'd like to share with you [*to Steve Johnson.*] that anything you can help, you know, wherever, I know you said you'll seek advice on helping with this questionnaire, anywhere where you could help facilitate it would be great, but this way we can just wrap hopefully this thing up. [*To group.*] And that will be a much better way, now it's a rap session instead of an, you know, yet another statement possibly made without us finishing it up. Yes Phil.

Phil Zayas. Just, basically what we could do is, I guess, Pat, have you been doing the summaries? I guess... [*Laughter, comments.*] If there's going to be a summary attached to this, maybe Porter Abe you could [...] put in that summary, I think that would help the congregation realize really what happened [...]. But I would propose that very soon, maybe even after that meeting -- hopefully this week -- we can meet again. Maybe we could have just a special meeting of the team. There are some important decisions that have to be made about our budget, and we have to make those decisions.

I just, I think we can close this part up. I would like to go on another agenda item when you guys feel that you're done. Just something that we've been talking about for weeks, I felt like just to say something on that before we move on to new items.

Pat Maher. Yeah. I want to ask you a related tangent here. [*To Roberto Beteta.*] We talked the other night. The impression that I got here in this conversation was pretty different from our conversation the other night. And I think this goes to perhaps what's going on in the church. We talked the other night, and you said Abe and Anna came over, and, boy, the impression I got was, it didn't really go that well. The impression I'm getting here is it seems like it went pretty well. Was there a disconnect here, or...?

Roberto Beteta. [*to Abe DeLeon*] Abe, I think when I was speaking to Pat, [*to Pat Maher*] and this again, Pat, goes back to, [*to Abe DeLeon*] and I agree with Pat, he and I had spoken, we were just talking, [...]. And I think the roadblock, just some of the things [...] first meeting it seemed to have gone great, the subsequent meeting it seemed, I guess that's when Paul Ramsey informed you that you weren't going to get that information. And I just relayed to Pat that, you know, again, this is a, you know, an area, but I just shared with Pat that I didn't feel the second meeting went, and I don't know if I'm going to get the exact words, but I thought that that's where there was a problem, it did not go as smoothly as the first meeting.

Abe DeLeon. The roadblock.

Roberto Beteta. Exactly. But there, I felt there was a problem from our conversation.

Abe DeLeon. Well that, you know, that, because we were, Porter and I, we were really expecting to see these things based on what Madeline had said. Except for that, you know, Paul Ramsey said no to other people, so that Madeline and him now have to get together and decide what they're going to do.

Roberto Beteta. But here's the question Abe, and I don't want to get too, I want to wrap this thing up in about three minutes here. But Madeline said that you could expect to get it, you guys went back with the expectation of receiving the information. At that point you were informed that you couldn't. So clearly, there was a disconnection, is that correct?. I don't know how to word it, but Madeline, who is, and I want to understand her title...

Abe DeLeon. She is the CFO [*Chief Financial Officer*].

Roberto Beteta. ...she is the CFO, but yet she was basically asked not to.

Abe DeLeon. Yeah.

Pat Maher. Let me just wrap up my question [...] or my comment. I feel like this is an example of, we need to watch our words, we have to watch our [...] things that we say to each other. I think Kinnard hit it on the head three weeks ago [...] tongues [...] and that if even in this room [...] you and me, I definitely got the impression that there was a big roadblock there, that they switched somehow [...] and [...] error on the side of [...] if something's there [...].

Jeff Brewster. My original statement was that there's nothing that we found improper. I'm not asking that we sign off, that we have found actual 100% legal [...] that's not what my statement was. It was we need to give a statement that we are progressing, they are cooperating, we're seeing results. We feel that we haven't uncovered anything of an unproprietary nature at this point in time. If that's true, there's nothing wrong with the statement.

And I disagree with your statement before [*To Roberto Beteta*], that they could read these notes because, if you have a conversation with Pat and it doesn't come out based on what Abe's communicated to the group, then when these statements are read by other people, they are misinterpreted in multiple ways. And we've seen that, that people are not getting the information they need.

So, and I think words like roadblock are a little too harsh. When somebody, based on what, the person in HR is saying, listen we had to turn down other groups for this -- we need to confer internally and then we'll get back to you. They're not saying, saying roadblock conveys to the church a sense that no we won't give you information. That's not what Abe is saying took place. They're saying listen, you know, they can't if they have had to give, not give, to some people, to all of the sudden to start giving [*Comment from group.*] wait, wait let me finish, to start giving it to some others, that would be seen as hiding information and that would be used against the office staff.

And, you know, we need to give a little grace here, if they say they'll get back to us on something, they're not saying they're not going to give it, in that regard. So, [*comment from group*] please let me finish, I don't see why we can't give a preliminary statement and say this is our preliminary findings. That will give positive input back to the church and, you know, if there's no error in that, as far as if it's not, if it's true, then why can't we say it? Why would we, why would we be afraid to say something that's the truth? That's what I don't understand.

Roberto Beteta. Abe.

Abe DeLeon. I just want to apologize. Maybe I used the wrong word. You know, I take responsibility for that.

Roberto Beteta. And I want to apologize too, maybe that was the wrong term [...].

Abe DeLeon. Roadblock. You know [...].

Jeff Brewster. Does that, but doesn't that make sense what I'm saying? People are going to, some of these people, especially the most critical, are going to read these transcripts, and they're going to zoom in on the piece that they want to see. We can't continue that. Let's say people are working and cooperating -- let's be gracious. People are innocent -- in the world people are

innocent until proven guilty. We should have a higher standard than that in the church. God calls us to a higher standard, not a more legalistic, self-righteous... *[Several comments.]*

Roberto Beteta. [...] example [...]. Okay anyone else guys, and we're going to wrap this up. Anyone else? Yes, Phil, okay.

Phil Zayas. I just wanted to go on, I have... I'm sorry. *[To Wayne Richards]* Did you have another....?

Wayne Richards. You had asked how they felt, but we never heard it from Porter yet.

Roberto Beteta. Yes.

Porter Ragsdale. Well, I think that the information that's been provided has been good. But, when we start putting our feelings into it, we, I just think it's premature. I think that we have been given just enough information so that we would be in a preliminary position and in the next week or two they will give us what we need to make a statement that is true and realistic and accurate and that's really what will be positive.

Jeff Brewster. Yes, well in that regard, saying based on the initial findings, that they are working diligently, you can say that with just true facts, what's...

Porter Ragsdale. That's already been said...

Roberto Beteta. Guys, I'm going to wrap it up here guys, *[Porter Ragsdale and Jeff Brewster comment to each other – inaudible.]* Jeff, I'm sorry but...

Jeff Brewster. [...] summary.

Porter Ragsdale. [...] may be summarized.

Jeff Brewster. That's all I'm asking for.

Porter Ragsdale. Well I think you're being a little bit assertive and aggressive here. We're trying to do what's reasonable, and you're trying to push your point too hard. I think we're going to give you what you're looking for. And I think it will come out. And I think when it does come out, it'll be in the right way. It will be reasonable. And if what you say is accurate, you know, it's been all okay or whatever, that'll be said.

Roberto Beteta. Okay, guys, I'm going to close this subject out, you can take it off line if you like. Phil.

LEADERSHIP

Phil Zayas. Yes. We have been talking, it seems that every single meeting that we've had, we've discussed the leadership issue. I've been studying Acts this week and I guess, I think you all know my position on this. But, I remembered a book by Gordon Ferguson, he wrote *Revolution*.

And I just started looking at the “Table of Contents,” and I came across this chapter, “Trouble in Paradise.” It just seemed appropriate.

Roberto Beteta. [...] the movie, it’s a movie.... [...]

Pat Maher. Trouble in Paradise. Well I just wanted, I copied the chapter, I figured you guys could read it I’m sure Gordon wouldn’t mind. We all know that he’s an elder in Boston. But I just wanted to read a couple of lines just to, I wanted to, I think we need to come to an agreement concerning our leadership in the church and this group.

Okay, I’m on page 132.

“Typically, evangelists planted churches and then raised up and appointed elders to shepherd the flock...”

This is still the first paragraph, near the middle of the paragraph.

“Typically, evangelists planted churches and then raised up and appointed elders to shepherd the flock. But the evangelists continued to lead churches who had elders; Paul’s later letters to Timothy and Titus establish that point very clearly. However, the experience and maturity of both elders and evangelists would have played a key role in how they related as they led together. 1 Timothy 5:17 and Acts 20:28 demonstrate that elders were very much involved in leading the church also.”

Just moving on to page 136, under the title, “The Decision-Making Process,” which has been an issue here also that we’ve had in the church. After the, after verse 22, it talks about:

“The sequence here is very important. The leaders from Antioch were sent specifically to meet with the top leaders of the Jerusalem church, namely the apostles and elders. This they did, and it was in this setting that the issues were discussed and decisions reached. Then, the whole church was brought in and informed of the discussions and the decisions, and their involvement was sought in deciding how to disseminate the decisions. The church is a kingdom, not a democracy, which means that leaders are responsible for deciding the weightier issues. Sometimes the idea is advanced (often based on a misunderstanding of this passage) that everyone in the church should have an equal vote. Now that may sound very American, but it does not sound very Biblical.”

Go on to the next page, after the Matthew quote.

Porter Ragsdale. What page is that?

Phil Zayas. 137 -- the right side of this page after Matthew 7:13-14.

“Even among God’s people, in the Old Testament or New Testament, God never instituted a one-vote-per-person process of decision making. Leaders must do exactly that. lead. And the rest of us must follow that leadership. Judges 5:2 describes the happy occasion when leadership and ‘followership’ work together correctly. ‘When the princes in Israel take the lead, when the people willingly offer themselves. praise the Lord!’

However, let me also hasten to add that the church must be involved in the decision-making process at appropriate levels.”

And I'll finalize here in the next chapter.

“The balance between leadership making key decisions and involving the church in the implementation of those decisions is a huge issue. When leaders do not make decisions and lead, either chaos or inertia results. But when the group being led does not sense that their opinions are valued, equally damaging results ensue.”

And I think that's where we're at. I feel that, and that's funny, this was written a few years ago by Gordon Ferguson. And he's had the wisdom to put this together in that I feel the church is in either chaos or inertia. We're not moving, and I feel it's because we don't have leadership.

Now, it's a twofold thing, you know; maybe either Phil -- I mean Phil and Steve Kinnard -- haven't lead. But also I feel that they feel that they have been handcuffed or held back. I don't know who is the person responsible, I don't know, but I feel us as a team we need to be Biblical on everything. I feel like, all right, what's Biblical? We have evangelists. They're not leading. Well if they feel that we're not behind them leading, I wouldn't want to lead a group that's not 100% behind me. Who am I leading if I don't have my group behind me 100%?

We've gone through this for four weeks, this is the fifth week or actually the sixth week but the fifth meeting. And we haven't as a group said hold on one second we need two evangelists to lead. They have a Biblical title. They have a position. We just [...] as a group. But these evangelists have to be let go to lead, not only in our region but even our leadership, even our team, whether we meet separately or with them, they need to be leading. I don't think this group has allowed them, or given us, or given them, our full support.

That's the reason I was, you know, I know we were emotional this week, I called it impatient. But I felt we, I need to be behind my leadership. I don't feel I'm obeying God when I'm not behind my leaders. Now what if Phil Garrison or Steve Kinnard decides to stay? That's their decisions. I think we just need to be obedient to what the Bible teaches regardless of their decision. You know I'm not sure what's going to happen there, but I feel a strong conviction about it, I need to be following my leaders. And that's [...].

Roberto Beteta. Any other questions related to Phil's statement? Yes.

Don Hanson. I agree with Phil.

Roberto Beteta. Okay. Any other questions?

Pat Maher. I [...] my e-mail [...] but basically, yeah, [...] made my point. [...] evangelists to lead we need to support them [...].

Roberto Beteta. Anyone else?

Jeff Brewster. I agree.

Abe DeLeon. I agree too with Phil. I just, you know, at the same time we need to aggressively correct the issues so that we can get, we can move forward wholeheartedly.

Jeff Brewster. Does anyone disagree? *[Various comments simultaneously.]*

Roberto Beteta. Any other?

[Various comments simultaneously, laughter.]

Phil Zayas. This goes hand in hand with what we just looked at. The leaders, I believe this is a new era, this is a place where things in the past have been repented of, decided that that's wrong. We're going to go in new directions. The evangelists are going to get, you know, the leaders' input, not just an insular group, and they're going to get a sense of what the congregation wants and needs. And we can also hold our evangelists accountable. We can give them our advice, what we feel, and they need to take it, you know, consider that and submit to that also, but they need to lead.

Roberto Beteta. I'm going to make a, just a very quick comment here, and I really do agree with the fact that evangelists need to lead.

I think we are in a particular place right now where, I saw Phil's e-mail, and he chose not to come to the 7:00 a.m. meeting or he could not come, I think is what he said. Steve Kinnard, I have really no idea, I saw no e-mails related to Steve Kinnard's position as to why Steve is not here. I can agree with you Phil, and now the question is, where is the evangelist that's going to lead? I think we basically need to confront our evangelists. I do recall the vote of confidence that we gave them about leading from the needs at the time.

Now I don't know how everyone felt. I certainly know I don't want to lead, and I certainly know that that's not how I feel this team was set up, with that purpose. We've read, by you Phil, again to be very honest with you, regarding your situation and the position that you took. I did have a problem with Sam Powell and the input that you relayed to me, and I assume you've relayed to everyone.

So it's not, which basically said for you, to step out. Maybe you want to repeat it, but, maybe you should repeat it, so Pat won't hold me accountable later, but you know, in other words, something happened that led you to want to step down. Many people have put their confidence in you to help their voices be heard, something that has never existed, at least from all of our understanding, in the past. So again, unless someone here is planning to lead us, that is not my intent but now there is a question of who is indeed going to lead us.

And that leadership, I don't agree, is going to come from everyone loving them. That simply is not going to happen, no matter what they want or desire. It's going to happen because they are great leaders and they choose to take that role. It's not going to happen because everyone in the congregation is going to embrace them. We already know that's simply not going to happen. But yes I will submit, anyone that's ready to lead -- if you want to disband this group -- I will submit to that if that's what it is.

But what Sam told you, in my opinion, has gone from the letter, which I don't have a copy of and I would love Steve Kinnard to hand me a copy of this letter that the elders wrote. Okay, but that letter, to your one meeting with the elders which basically said, you know, we don't plan on leading it, as an elder, so we have no elder, to thirdly, Phil, and again maybe you should just repeat it and I don't want to inject your words but, you know, maybe it's time for you to move on, or whatever was said, and just submit to your leadership. So I would just, I would definitely like clarification. And I would like Sam Powell to be here as well. And I asked that.

Phil Zayas. We could even invite him.

Roberto Beteta. Invite him here, so he can look at us all, and to discuss his thoughts with us.

Phil Zayas. Yeah I can definitely give you a background. After our Wednesday meeting, which I thought went okay...

Roberto Beteta. The midweek service?

Phil Zayas. Yeah, the midweek service. I did call Sam Powell in the morning. Not, I let him know how things were going, how the meeting, how our midweek service went, and shared my convictions just about, I feel, I feel we need, just basically what I went over with you guys, that's my conviction. And he basically felt, well, maybe the transition team needs to step aside and allow the evangelists to lead. That's basically what I told you guys. Not that we have to do that, not that he's directing us to do that, but just that we need to let the evangelists lead.

How I came to my own conclusion about possibly, about stepping out, was that I just felt that we've been battling this thing for 4 weeks. And it just is not working. How can I more support our evangelists? I felt, it's frustrating in this meeting to be able to talk about this for 4 weeks, and I felt like most of us agree with it, but yet not move forward and go before the congregation and say this is what's up, because I'm not sure we can.

You know, hey, we got 5 of our 8 team members that feel great about Kinnard and Garrison, but the other three are not so sure. How can we do that? I wasn't sure how we can do that. So out of my frustration, and impatience, granted, I felt I needed to just step out. But in rethinking that and in talking to Sam Powell, because he's sick, I had tried to get in touch with him but he's sick, he felt I was hasty in doing that. So amen, I'm, I was wrong, I was hasty, I was impatient. I need to work, work this out with you guys, I'm hoping that we can have a full support of our evangelists and I think that's what we need. I think that's what they need, whether it be Steve, Phil, Steve, or whoever else comes on in. If we don't have, if they, if we don't give them our full support, it's going to affect their leadership.

Roberto Beteta. Anyone else with questions, we have 5 minutes to wrap up

Don Hanson. I think, ideally, we should have strong leaders. [...] we have capable people who don't feel supported. I think as a group, if we went to Phil and Steve and said look, we believe that the Bible teaches that the evangelist is the leader and we want to support you as the leader, but we also want to challenge you to lead, meaning [...]. That's what I think we should do as a group, okay, and I think we cannot allow, I think we need to keep going on with the audit and

things, but we can't allow the congregation to drift, because drift allows Satan to step in and steal people's hearts, and that's what's been going on.

Porter Ragsdale. Well my perspective on it is somewhat different. I think that what you just said, that God's plan for local government is for there to be elders and deacons and then evangelists. Now in place of whatever other leadership besides evangelists there is, is this group. It's been given, directed, sanctioned, whatever term you want to use, by the elders. We're existing because they allowed us to exist. Last Wednesday night 2 weeks ago, after an open meeting we had in here two weeks ago, I think Don you weren't here, but it was in regards to these matters. You bring them up every week, you bring them up in e-mails, you bring, you never fail to bring it up. And we had a great opportunity that Wednesday night for, I mean, we were moving in that direction, submitting, surrendering, working together, because that's what place we find ourselves in. It was a great opportunity for us to surrender, submit ourselves, and to tell the church, the men that night. And I think we did that.

But we didn't get that back from the evangelists. And that, I think, is where [...]. You say we're hung up because we're not giving them our total support. I'm saying we're hung up because the church doesn't see that in the evangelists, in regards to working with them. Steve Kinnard had a great opportunity to speak up. And all he had to say was "You know what, I haven't done this dah-da dah-da dah-da I'm going to tell you that I can change too, we're going to work together as partners, we're going to work together, it's going to be [...]. I think that would have moved us forward, I don't even think that would be an issue.

Steve Johnson. That's an opinion. But Steve may feel like he started the ball rolling himself when he [...] so I don't know that it's fair to [...] criticism that you're making.

Porter Ragsdale. All I'm doing is, everyone is giving their perspective. You've given yours, Phil's given his, and that's what I'm doing. That's my perspective. My perspective on it is that the church in general doesn't feel that, or doesn't sense that overall. And whatever we do in this group will tell or hinder, it sends a message one way or another. But the overall perspective of the church is not what you think. It's not. It's about us working together.

Steve Johnson. Is the overall perspective of the church what *you* think?

Porter Ragsdale. I said it's not what you think meaning what you'd just said. It's not as box, you can't box it like that. It's a, you do this and I...

Roberto Beteta. I'm sorry. Jeff was next, and guys -- we've got literally two minutes and we are going to stop.

Porter Ragsdale. I gave my perspective.

Roberto Beteta. Thank you.

Jeff Brewster. I think that we haven't made clear statements. And it's been vague, and we say, well, it's in the notes. They should figure out from the notes. Well, we shouldn't have to make people read the notes to know where we stand and try to figure it out because, if two of our members of this room can have a discussion and there's a misunderstanding and they're directly

in here, then there's something wrong. I don't see why we can't; I think it was a mistake made to not stand up and saying as a group, "the transition team supports and is following the leadership." We've talked about it for weeks, it's never been clearly stated in a summary to the church. It may be alluded to -- there may have been a vote of confidence -- but things have been vague. But it's not a firm stance.

And that was my, I won't go through the details I went through before, but that was my statement with a, if we have, why don't we make a, just a plain statement of truth regarding the financial position, we haven't seen anything improper yet, so we're going to dig deeper, but we want to give the church a positive impact. I think we need to make more clear and concise statements. That there's been too much vagueness, and the vague is adding to the drifting-ness.

Roberto Beteta. Last, oh you have more?

Phil Zayas. I just wanted to say, I feel we can, we have to hold on to what's sure. God's word is sure. I think that whatever we're doing, and I think we can drift away from the truth, you know, even if we think it's right, let's just keep in the Bible. If we need to all get in to the Bible more and study things out, then let's do that. But let's not drift away from what the Bible is teaching. And that's just, I want to obey the Bible. I love you guys, I'm willing to work whatever out, but if we're going to go against what the Bible teaches, I have major issues. And that's what I wanted to say.

MIDWEEK SERVICES

Roberto Beteta. Yes Pat.

Pat Maher. We are having our men's midweek this week yeah? [*yes*] Okay, and the plans for, I mean I guess Kinnard and Garrison will. [*To Steve Johnson*] Was that your idea, Steve?

Steve Johnson. What?

Pat Maher. We are on for midweek, right? There's still [...] [*Laughter*]. Is there anyone in this room who doesn't think we're having Midweeks for the next...

Phil Zayas. No, I think we're having midweeks.

Roberto Beteta. Okay guys again we'll just wrap out, we've got the notes, we've got the recording, and the next meeting, let's just all [...].

Phil Zayas. Well have we decided to do something then at this next midweek? I mean, is it men's midweek, are we going to go through e-mail talking about it again? This is my frustration guys, we....

[*Several in the group comment to the effect that Kinnard will be in charge Wednesday.*]

Pat Maher. I think we should stick with that, we agreed he's going to be in charge, it's been in the bulletin.

Phil Zayas. Okay so do we need to talk to Steve Kinnard about what we intend to do, I mean what.

Don Hanson. I think he's saying something different than you.

Pat Maher. I just want to make sure, I saw, it seemed like it was printed in the bulletins, Steve Kinnard, as far as I know, has been running that show. So I just wanted to, you know, confirm that.

Steve Johnson. Does anyone know that Steve knew about this meeting?

?. Yes, he did.

Phil Zayas. Are we as a team going to say anything on Wednesday night about what we believe?

Jeff Brewster. We have to say something.

Don Hanson. Is there a recommendation?

Pat Maher. You know, I mean, maybe here's where the vote, after meeting one, [...] come down to a vote, the summary is 5, 6 people feel like they're supporting the evangelists, 2 are saying, I wants...

Porter Ragsdale. Don't say that. I'm not saying I don't support the evangelists. I'm not saying that, so don't put me in that category. That's really not an accurate representation from my perspective. I don't disagree with anything that's been said. But the credibility of our leadership is at hand. The credibility, for them to be credible, they've got to go way beyond. And I don't think they have, that's all I'm saying. And when they do, I think that things will [...] resolve. I'm saying they were not willing to do that a couple of weeks ago. It didn't happen, [...] continue to happen. Don't put me in the category of saying 5 or 6 people.

Pat Maher. I apologize.

Phil Zayas. I think we need to, I think, the evangelists responded after us, as a team let's, I feel, we need to support our leaders to lead this region and be leaders. Challenge, like Don said, we can challenge them to be leaders, then it's their response, I'm just concerned about our response.

Roberto Beteta. Just a quick side point, and this, we're going to end it here, and we can take it off line anyone who wants to stick around should... *[Tape ends; the following comment from handwritten notes.]* This is the second time that Steve Kinnard didn't come and I would like to understand. *[New tape begins; the following comments are a transcript.]* [...] I think one time Steve Johnson did mention that he had a conflict; he had Bible Talk, but it was at a rather critical stage.

Abe DeLeon. *[to Steve Johnson.]* Do you know of where Steve [...] *[Several comments.]*

Roberto Beteta. I think we can ask Steve directly. I wouldn't want to put Steve Johnson in that position. No, we don't want to put him in that position. Okay? I think we can close this out, Phil, do you want to close in prayer?

Phil Zayas. Father God, we do realize we are in a challenging position, one of responsibility, huge responsibility. Father, we are humbled by it. We need you so much [...] to guide us. Please give us an extra measure of your Spirit, Lord. Help us to, first of all, to obey your word, to submit to one another.

And Father I just pray that you would really guide us on how to move forward, as it regards to finances, as regards to the ministry staff, in our working with them Lord God. I just pray Lord God that you will really help the church to heal up, to start trusting again, to start putting their confidence mainly in you oh God, but that we can be unified and be together Lord God. I just pray that we don't loose anybody Lord.

I know that that may be not the case, Father, but I just pray that even the people that do step aside and decide to leave that Father, you just work on their hearts to bring them back. Lord, we want to be pleasing to you, Father, I pray that our meetings are pleasing to you. I pray Father that we can really be working together in joyful obedience. Father we love you very much. I pray that your spirit will be on us, pray that you bless the work that we're doing.

I pray that we'll get a lot of answers this week concerning the finances. I pray for Steve Kinnard who didn't come; for Phil Garrison, who didn't come. I pray you will work on their hearts. Help them to rise to the call. And Father I pray that we as a team can do what's required of us. Father, we love you very much. I pray that you give us a great day with our families, with other disciples and with people that are lost. Help us to continue to draw them to you and that we can be a great ambassador for you.

In Christ's name we pray, Amen.

DISMISSAL

Roberto Beteta dismissed meeting at approximately 9:18 a.m.

Transcription by Ken Carlstedt, edited by Dave Anderson and Catherine Hampton.