



**FUNDING THE VISION
TAKING THE NEXT STEP**

**FINANCIAL REPORT
2002-2004**

AND

**FAIR SHARE RESOLUTION
2006-2008**

TABLE OF CONTENTS

Preface	ii
Report of the Treasurer	1
Financial Report 2002-2004	3
2005 Budget	7
What Does Fair Share Fund?	9
Fair Share Proposal	12
Appendix	13

PREFACE

NOTES

*The point is this: he who sows sparingly will also reap sparingly,
and he who sows bountifully will also reap bountifully.
(2 Corinthians 9:6)*

Dearly Beloved in the Lord:

Once again we have gathered in council to discuss the life and mission of The Orthodox Church in America. In reflecting upon our Church's life and work, we must also address the important subject of what is needed to support and promote the evangelizing task with which we have been entrusted. At the 13th All-American Council, held in Orlando, Florida in 2002, we took the first step toward an equitable and stable funding method for the work of the Church by adopting the first "Fair Share" proposal.

It is now time to take the second step. The resolution that passed in Orlando still depended on a method of funding the Church that was based on a per capita amount. The new proposal, presented here, does not depend on a per capita amount, but rather on the total amount of funds needed to fund the work of the Church as we look to its future.

Although the present resolution does not completely eliminate the per capita base, as diocesan proportions are based on diocesan membership, it is nonetheless a reasonable next step. In conjunction with this step, The Orthodox Church in America pledges to build a consistent base of regular voluntary giving in the next triennium. Our hope is that one day such voluntary giving will fund the majority of the Church's work.

As you review the Report of the Treasurer for the past triennium and the Fair Share Proposal contained in this booklet, I ask that you prayerfully consider the needs of the Church, your commitment to its work, and your ability to provide the material support needed to carry out the Church's saving mission in North America. In doing so, we remember the words of the Apostle concerning those who sow sparingly and those who sow bountifully. May we share in the invitation to sow bountifully, so that our mission of proclaiming the Gospel will reap an abundant harvest.

With love in Christ,



† HERMAN
Archbishop of Washington and New York
Metropolitan of All America and Canada

REPORT OF THE TREASURER

NOTES

BUDGET PROCESS

The budget process of The Orthodox Church in America is a multi-step process of accountability which includes all levels of Church administration as provided by *The Statute of the Orthodox Church in America*. The first step in formulating a new operating budget is a review of the current year's budget by the officers of the Church, together with the Chancellor and the Primate. In addition, the internal administrative staff of the Chancery and the department chairpersons are consulted.



The current year's budget is used to project income and expenses for the next year's budget and a preliminary draft of the budget is prepared internally. This draft is presented to the Administrative Committee, a subcommittee of the Metropolitan Council, which reviews the budget line by line. The Administrative

Committee also reviews budget items such as salaries and benefits, etc., making recommendations where necessary. The Administrative Committee meets between the Metropolitan Council meetings to conduct day-to-day business in cooperation with the Chancery office of The Orthodox Church in America. These meetings are presided over by the Primate of the Church.

Upon adoption of the proposed budget by the Administrative Committee, the Holy Synod of Bishops reviews the draft and makes recommendations on the line-by-line document. The Holy Synod then approves or rejects the



document for presentation to the Metropolitan Council. If rejected, it is sent back to the Administrative Committee. After review of the proposed budget by the Holy Synod of Bishops, it is presented to the Metropolitan Council.



The Metropolitan Council is composed of one clergy and one lay member elected from each diocese of the Church, as well as three clergy and three lay members elected “at-large” by the All-American Council. The Metropolitan Council has the authority and responsibility to formulate and adopt the operating budget of The Ortho-

dox Church in America. The Metropolitan Council is given this responsibility by *The Statute of the Orthodox Church in America, Article V, Section 4*:

“The Metropolitan Council:

1. Implements the decisions of the All-American Council and of the Holy Synod in the areas of its competence;
2. Assists the Metropolitan and the Holy Synod in implementing decisions within the areas of its competence;
3. Establishes the budget for the operations of the Church and examines all financial reports of the Church;
4. Supervises the collection of the assessments and fees established by the All-American Council and determines the allocation of such funds....”

FINANCIAL REPORT 2002-2004

NOTES

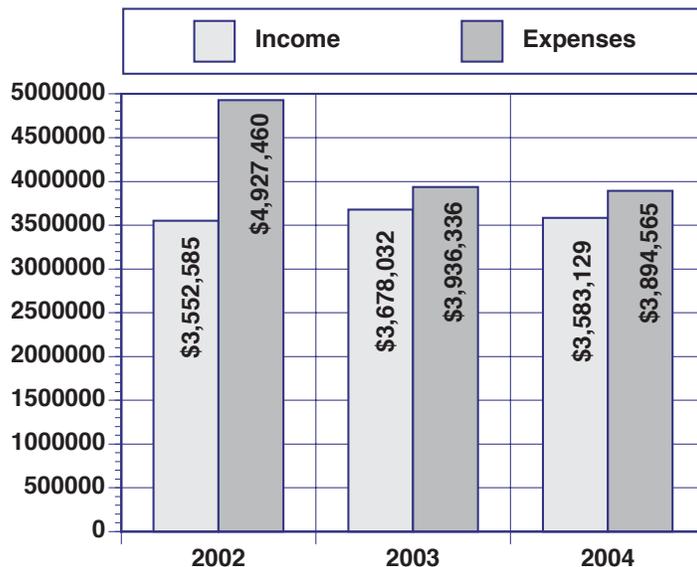
Income 2002-2004

	2002	2003	2004
Territorial Fair Share	\$ 1,824,640.00	\$ 2,264,510.00	\$ 2,198,911.24
Non-Territorial	58,624.32	64,052.60	75,116.85
Miscellaneous Income	861,308.69	552,455.95	260,326.94
ADMIN TOTAL	\$ 2,744,573.01	\$ 2,881,018.55	\$ 2,534,355.03
Designated Income	122,591.35	101,098.00	195,526.75
FOS Income	262,238.50	304,348.96	337,954.62
PROGRAMS TOTAL	\$ 384,829.85	\$ 405,446.96	\$ 533,481.37
TOTAL OPERATING INCOME	\$ 3,129,402.86	\$ 3,286,465.51	\$ 3,067,836.40
Appeals/CWI	\$ 423,182.12	\$ 391,566.91	\$ 515,292.19
TOTAL INCOME	\$ 3,552,584.98	\$ 3,678,032.42	\$ 3,583,128.59

Treasurer's Comments:

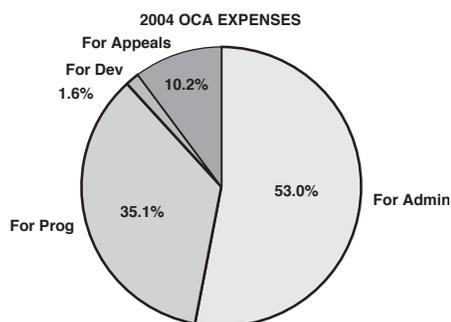
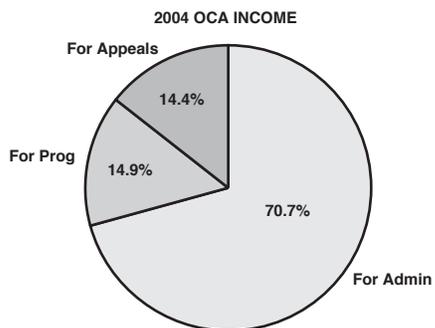
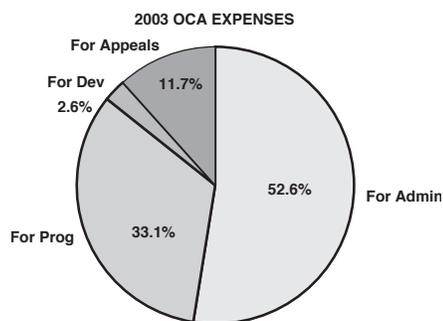
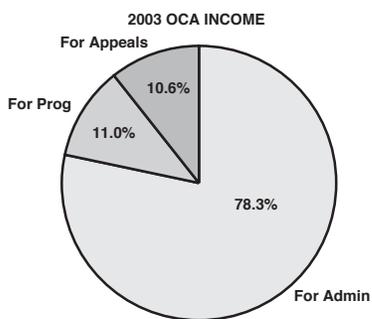
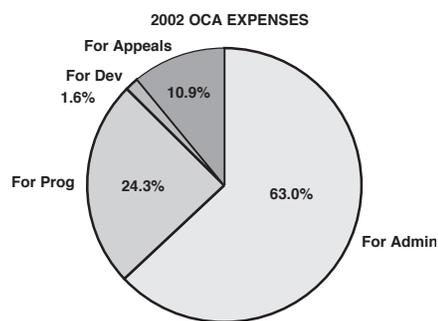
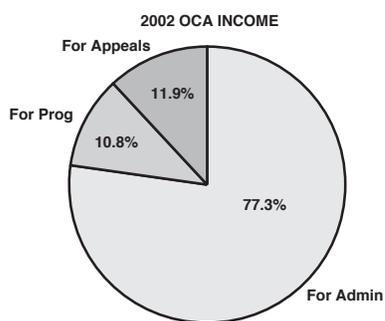
- **By resolution of the 12th AAC, Fair Share income for the year 2002 was still based on the "frozen" census figures of 1999 unless the census (derived from submitted individual parish reports) for that year increased when compared to the 1999 figure. Fair Share income was still based on a per capita assessment of \$64.00.**

Total Income vs. Total Expenses



NOTES

- Fair Share income for the years 2003 and 2004 was based on actual diocesan census figures which were submitted by the individual parishes to the diocese. Fair Share income for the years 2003 and 2004 was based upon the supporting financial membership times \$85.00.
- Miscellaneous gifts for the three-year period include voluntary gifts and bequests that were made by individuals to The Orthodox Church in America. Also included is income from Orthodox Christian Publications Center (OCPC), Sourcebook and Calendar, *The Orthodox Church* subscriptions, etc. The year 2002 also includes income from the 13th All-American Council.



Expenses 2002-2004**NOTES**

	2002	2003	2004
Administration			
Executive Offices	\$ 317,274.74	\$ 311,627.88	\$ 252,775.13
Admin Offices	710,816.12	641,726.99	593,065.03
Staff Benefits	446,448.22	515,479.65	562,714.41
Property Support	345,338.61	276,204.05	363,199.86
Holy Synod	383,266.87	275,596.62	223,787.22
Metropolitan Council	11,137.48	5,464.91	3,879.05
Admin Committee	6,841.05	40.00	714.59
Preconciliar Commission	143,339.47	24,383.56	47,096.25
All-American Council	722,513.35		
Standing Commissions/Committees	18,371.75	18,748.67	18,705.08
ADMIN TOTAL	\$ 3,105,347.66	\$ 2,069,272.33	\$ 2,065,936.62
Development/Fund Raising			
DEV/FUND TOTAL	\$ 80,183.06	\$ 104,726.48	\$ 63,545.72
Departmental Expenses			
Chaplaincies	\$ 1,300.00	\$ 0.00	\$ 2,002.55
Christian Ed	9,531.70	8,106.14	15,755.79
Christian Witness & Service	9,779.67	6,238.01	18,758.68
Communications	329,526.69	381,449.20	411,509.76
Dept Coordination		13,506.38	12,193.18
Evangelization	35,583.99	23,743.78	12,144.09
External Affairs	592,440.34	605,675.12	657,353.02
History & Archives	98,793.44	73,893.40	67,942.39
Hum Aid/Adoption	13,598.32	13,095.30	12,500.25
Liturgical Music	4,901.89	4,173.44	4,470.62
Pastoral Life	17,110.33	74,258.95	66,686.10
Stewardship	4,196.26	9,203.95	6,490.65
Youth/Campus	84,376.78	90,314.73	80,750.63
DEPTS TOTAL	1,201,139.41	1,303,658.40	1,368,557.71
TOTAL OPERATING EXPENSES	\$ 4,386,670.13	\$ 3,477,657.21	\$ 3,498,040.05
**For a detailed account of the work of each church ministry during the past triennium, please refer to the Church Ministries Report booklet.			
Appeals	\$ 540,789.49	\$ 458,679.22	\$ 396,525.34
TOTAL EXPENSES	\$ 4,927,459.62	\$ 3,936,336.43	\$ 3,894,565.39
Operating Gain/(<Loss>)	<\$ 1,257,267.27>	<\$ 191,191.70>	<\$ 430,203.65>

NOTES

Treasurer's Comments:

Year 2002

- **Administrative Staff Benefits was 72% over budget in several categories: pension, social security, hospitalization, life insurance and housing allowance.**

Year 2003

- **The 2003 Proposed Budget, as presented at the 13th All-American Council, totaled \$4,231,638.00. By year's end, the Church Administration reduced that budget by \$543,842.00. The salary, stipends and benefit packages were reduced by \$301,645.00. Other administrative and departmental expenses were reduced by \$242,197.00.**
- **Total computer systems enhancement was initiated with the purchase of hardware and software equipment. (Administrative Offices)**

Year 2004

- **The organizational structure of the Orthodox Church in America returned to a departmental structure. The three-year organizational structure of Ministry Units proved inadequate for accountability and the reporting of activities.**
- **Total computer systems enhancement continued with the purchase of more hardware and software as well as the installation of the proper telephone lines to handle the volume of web site hits and requests. Our web site was greatly enhanced. (Administrative Offices).**
- **Two automobiles were purchased for Chancery use, a sedan and a sports utility vehicle. (Property Support)**
- **A three-year project (2002-2004) began with the replacement of all windows in the Chancery building and continues.**

****Please see Reports booklet for details of expenses in departmental work.**

2005 BUDGET

NOTES

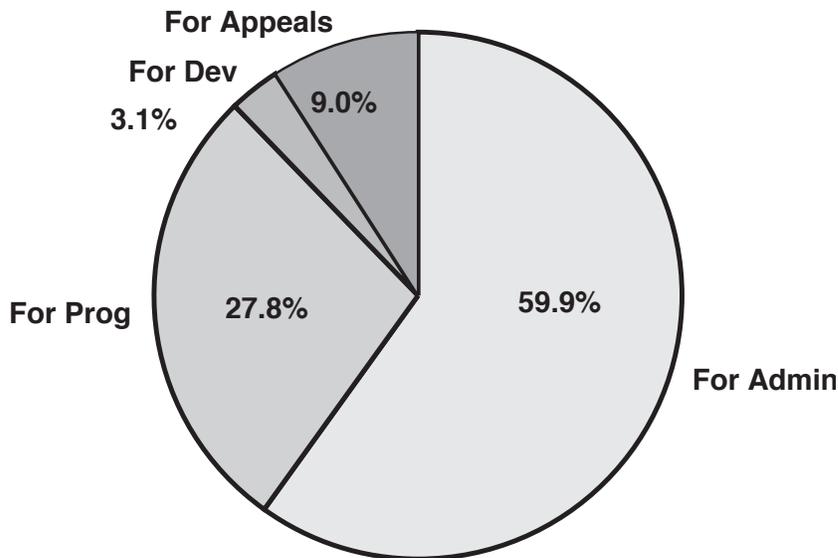
Income

	Actual 2004	Budget 2005
Fair Share Income	\$ 2,198,911.24	\$ 2,167,670.00
Non-Fair Share	75,116.85	55,500.00
Miscellaneous Income	260,326.94	1,210,131.00
ADMINISTRATION TOTAL	2,534,355.03	3,433,301.00
Designated Income	195,526.75	94,000.00
FOS Income	337,954.62	470,000.00
PROGRAMS TOTAL	533,481.37	564,000.00
Appeals/CWI	515,292.19	400,000.00
TOTAL INCOME	\$ 3,583,128.59	\$ 4,397,301.00

Treasurer's Comments:

- **Fair Share income for the year 2005 is based upon a supporting financial membership times \$85.00.**

2005 OCA EXPENSES BUDGET



****NOTE: In All-American Council years, administration expenses are always a greater percentage than in "regular" years.**

Expenses

Actual 2004

Budget 2005

NOTES

Administration

Executive Offices	\$ 252,775.13	\$ 290,363.00
Admin Offices	593,065.03	671,476.25
Staff Benefits	562,714.41	652,887.00
Property Support	363,199.86	304,040.00
Holy Synod	223,787.22	230,835.00
Metropolitan Council	3,879.05	11,000.00
Admin Committee	714.59	6,000.00
All-American Council	0.00	400,000.00
Preconciliar Commission	47,096.25	47,547.00
Standing Commissions/Committees	18,705.08	20,800.00

ADMINISTRATION TOTAL	2,065,936.62	2,634,948.25
----------------------	--------------	--------------

Development/Fundraising

DEVELOPMENT/FUNDRAISING	63,545.72	138,120.00
-------------------------	-----------	------------

Departmental Expenses

Chaplaincies	\$ 2,002.55	\$ 4,300.00
Christian Ed	15,755.79	20,600.00
Christian Witness & Service	18,758.68	20,000.00
Communications	411,509.76	367,967.50
Dept Coordination	12,193.18	16,000.00
Evangelization	12,144.09	41,500.00
External Affairs	657,353.02	434,940.25
History & Archives	67,942.39	99,380.00
Hum Aid/Adoption	12,500.25	23,841.00
Liturgical Music	4,470.62	6,000.00
Pastoral Life	66,686.10	83,018.00
Stewardship	6,490.65	19,000.00
Youth/Campus	80,750.63	87,686.00

DEPTS TOTAL	1,368,557.71	1,224,232.75
-------------	--------------	--------------

Appeals	396,525.34	400,000.00
---------	------------	------------

TOTAL EXPENSES	\$ 3,894,565.39	\$ 4,397,301.00
----------------	-----------------	-----------------

Operating Gain/<Loss>	<\$ 430,203.65>	\$ 0.00
-----------------------	-----------------	---------

Treasurer's Comments:

- **The Preconciliar Commission met in January 2005 for the first time as a complete assembly to plan and prepare for the 14th All-American Council.**

FAIR SHARE RESOLUTION

NOTES

WHAT DOES THE “FAIR SHARE” FUND?

The Holy Synod of Bishops

Fair share income is used to fund the activities of the Holy Synod of Bishops. The Synod gathers twice a year according to canon law — travel expenses, lodging, food and hospitality are covered by the fair share. In addition, each bishop of The Orthodox Church in America, including auxiliary bishops and four retired bishops, receives a monthly stipend from the budget of the Church. Other travel, including official travel representing The Orthodox Church in America, and additional meetings of the Holy Synod and Lesser Synod, is also included in the budget.

The OCA Administration

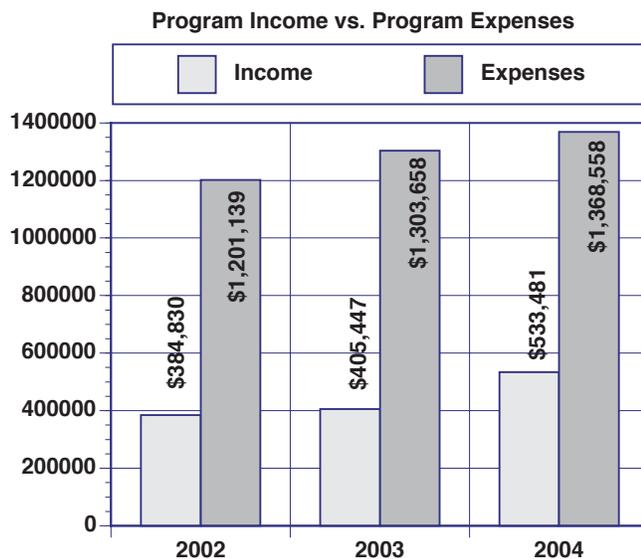
Fair share income is also used to fund the administration of The Orthodox Church in America. This includes the Office of the Primate, Financial Development (including FOS) and all administrative employees at the Chancery. There are thirteen full-time staff members and fifteen part-time staff members. The administration expenses also include support for the work of the Administrative Committee and the Metropolitan Council.

Programs

The 2004 expense budgets for the various programs and departments (including External Affairs and Communications) totaled almost \$1.4 million. Expenses are budgeted for various aspects of doing the work of the Church — small stipends when appropriate, office expenses, printing, travel, etc. One important fact that must be mentioned, however, is that the **income** budget for programs in 2004 was \$534,000, while expenses were \$1.4 million. Almost \$900,000 was transferred from fair share income to fund the program work of the Church, despite the resolution of the 11th All-American Council in 1995 that the programs of the OCA be funded through voluntary contributions (FOS, etc.), and the administration of the Church be funded through the fair share (at that time the Central Annual Assessment).

- *Information and Communications Technologies:* The web site of The Orthodox Church in America and the whole technological infrastructure of the Church is also funded by the fair share. The web site has drawn praise from literally every corner of the earth and averages **1.1 million** “hits” per month. This requires hardware, software and staff capable of maintaining and designing not only the web site, but the technology used in the office. Communications also includes the publication of *The Orthodox Church*. All salaries (one full-time, three part-time), equipment and assorted expenses are included in the budget.

- *External Affairs:* One of the most important responsibilities of an autocephalous Church is to present the Church and the Faith to others, both Orthodox and non-Orthodox. A large portion of the fair share income is used to fund these activities. The Primate of the Church and Holy Synod members make official “state” visits to other autocephalous Churches. The Orthodox Church in America has officers responsible for monitoring developments in the world, in other Orthodox Churches, and other faith groups, which need a response or comment from The Orthodox Church in America. We also reach out to others in dialogue, charity, and witness. The external affairs budget is for travel, office, meetings, and the representation Church of St. Catherine in Moscow.



Property Support

The fair share of the OCA also helps fund the property support needed to run the administration of the Church. Maintenance, upkeep and utilities for the building and property at the OCA Chancery are included in the budget.

REVIEW

- With the implementation of the fair share resolution of the 13th All-American Council, the Council felt assured that we would be able to adequately fund the Church's budget. But after various discussions at the 13th All-American Council concerning the total amount of budgeted income, we agreed upon a per capita equivalent, *de facto* keeping in place the same system that has contributed to our current challenges in maintaining the work of the Church. Second, we immediately budgeted up to the maximum allowed by our income, instead of gradually building to it, limiting budget spending and allowing for an annual increase. In the first year, when we apportioned by fair share the maximum amount to the dioceses, the reported supporting membership again declined; we actually are receiving less in budgeted income in 2005 than was received in 2002. This has been exacerbated by the fact that annual, voluntary and development giving have fallen far short of the yearly budgeted amounts. Both of these factors present a great challenge in meeting the annual budget needs of the Church.
- The All-American Council is entrusted with determining the method of funding for The Orthodox Church in America. The Holy Synod and Metropolitan Council are entrusted with preparing and implementing the budget. As we consider what amount to apportion through fair share to the dioceses at the 14th All-American Council, we must understand that if a normal cost-of-living increase had been implemented each year, we would have gone from the equivalent of an \$85 per capita in 2003 to \$88.00 in 2004, and to \$91.00 in 2005 (approximately 3.3% per year). Therefore, what we would be discussing at this All-American Council would be the *equivalent* of a per capita increase from

\$91.00 to \$105.00. All figures are rounded up to the nearest dollar. There has been no raise at all in the annual fair share to The Orthodox Church in America, but, in order to meet its own budgetary needs, virtually every diocese has increased its annual assessment at a minimum of the rate of inflation.

GOALS OF 14th ALL-AMERICAN COUNCIL RESOLUTION

In preparing the Fair Share resolution to the 14th All-American Council, the following goals were set:

- **Stabilize the finances of The Orthodox Church in America.** The central administration and program budgets have been insufficiently funded for years — almost *never* adequately funded. This has led to a tenuous existence, as we run yearly deficits due to lack of adequate income. As the Church in North America, our responsibilities as an autocephalous Church require certain unavoidable expenditures. As a result, we continue to accumulate debt as those deficits are carried from year to year. Debt elimination by annual reductions must become a line item in the annual budget of The Orthodox Church in America.
- **Enable the annual (FOS) and development giving for the support of the Church to take root.** In the past three years, we have actually *increased the budgeted income amounts* for annual and voluntary giving to the Church while **not** providing for full-time work in either area. With proper budgetary support, a full-time FOS Director has begun work, and a full-time Director of Development will begin work.
- **Reduce the dependence on mandatory fair share in favor of voluntary budget support.** The hope is that the proposal to the 14th All-American Council is the final proposed increase in mandatory diocesan contributions to the support of the central administration. The long-range goal is to *reduce* the fair share amount expected from dioceses.
- **Continue the integration and cooperation of all the dioceses of the OCA.** Over the past triennium, the dioceses that are not required to participate fully in the fair share program of the Church have moved steadily towards more integration within the structure of the OCA and have begun to address the need to offer financial support in greater proportion.

Proposal Enclosed

At the request of the Holy Synod of Bishops at their meeting held on March 29, 2005, multiple proposals were presented to the Metropolitan Council. The annual support needed from the dioceses for the day-to-day operation of the central administration of the Orthodox Church in America is **\$2,710,000.00**. *All the proposals assume that increased annual and voluntary giving will lead to reduced fair share amounts.*

FAIR SHARE RESOLUTION

NOTES

(Note: the 2005 fair share amount is \$2,200,225.00)

RESOLVED: That the amount of income support each year (2006, 2007, 2008) be **\$2,600,000.00**. This amount will be apportioned out to the territorial dioceses of the Orthodox Church in America using a formula of OCA membership percentage (i.e., if your diocese is 15% of the supporting diocesan membership of the OCA, it will be asked to support 15% of the fair share income amount).

Parishes shall forward to their diocesan treasurer the reported financially supporting membership number no later than September 30th of each year. The diocesan treasurer shall forward to the OCA Treasurer the diocesan reported financially supporting membership no later than October 15th of each year. That figure shall be used to recalculate the fair share for the following January 1st.

These amounts to be apportioned **will not be raised**. If membership changes, the amount will be a different proportion for each diocese. Each diocese shall forward one-twelfth of their respective fair share amount to the OCA Chancery no later than the 15th of each month. ¹

FAIR SHARE (*"Non-Fair Share" Dioceses*)

The Primate of the Church will request dioceses that do not participate in the fair share support of the Orthodox Church in America to raise the support they do send (**\$74,000 actual in 2004**) to:

2006: **\$110,000** ²

2007: **\$120,000**

2008: **\$130,000**

ANNUAL GIVING/DEVELOPMENT

In order to reduce the dependency of the Orthodox Church in America on the mandatory, imposed fair share on dioceses and members of the Church for budgetary funding, a concentrated effort shall be made to build the annual, planned, and development giving to the Church. A full-time Director of Development will work with the Director of the Fellowship of Orthodox Stewards to strive to meet the following income goals:

2006: FOS, \$400,000 DEV, \$450,000

2007: FOS, \$430,000 DEV, \$550,000

2008: FOS, \$450,000 DEV, \$650,000

In the event that annual and development giving exceed these annual goals, the fair share amount for the supporting dioceses of the Orthodox Church in America shall be reduced in the following year by an amount equivalent to the excess raised. For example, if annual/development giving in 2006 totals \$900,000 (+\$50,000), the fair share amount for 2007 will be reduced by \$50,000 (making it \$2,550,000).

APPENDIX TO PROPOSAL

¹ Fair Shares (Budget 2005, Budget 2006)

Based on 2005 membership proportions

Eastern PA	320,450.00	386,349.00
Midwest	527,850.00	648,821.00
New England	201,535.00	247,722.00
South	178,925.00	219,930.00
Wash/NY	469,200.00	576,730.00
West	221,680.00	272,484.00
Western PA	236,980.00	291,290.00

NOTE: this is the equivalent of a **\$104.59 per capita** amount for 2006.

² Suggested non-territorial fair shares (Actual 2004, Budget 2006)

Alaska	13,606.78	15,000
Albanian	18,000.00	24,000
Bulgarian	5,000.00	10,000
Canada	0.00	8,000
Romanian	24,000.00	38,000
Stavropegial	10,965.00	15,000

SUGGESTED STEPS:

ORDER OF ST. RAPHAEL

The Order of St. Raphael will be established with the goal of locating generous donors willing to commit to one of the following ANNUAL gifts:

\$10,000 (goal – 10 givers) [\$100,000]

\$7,500 (goal – 20 givers) [\$150,000]

\$5,000 (goal – 30 givers) [\$150,000]

CAPITAL CAMPAIGN

It is suggested that we investigate establishing a capital campaign with two goals:

- 1) A \$10,000,000 increase in the endowments of the Orthodox Church in America, particularly the General Purpose Endowment.
- 2) A \$10,000,000 capital campaign for the construction of a history/archives building and for general repair/renovation of the existing Chancery facilities.

GRANTS

There are numerous foundations and charitable organizations that exist to give monetary assistance to projects in which our Church may be involved. We have no way to effectively utilize that resource at this time. It is vital that progress be made in this area over the next triennium. Writing grants is a specialized skill and someone must be trained in that specialty.

NOTES

DIOCESAN STATISTICS

These figures are for information only. They represent the amount of the budget of each diocese of The Orthodox Church in America, the amount of OCA fair share budgeted for each respective diocese and the total sum to be generated in support of the Church in 2005.

Diocese	Dio Budget 2005	FS 2005	Total 2005
Alaska	\$ 211,476	\$ 13,607	\$ 225,083
Albanian	\$ 167,700	\$ 18,000	\$ 185,700
Bulgarian	\$ 44,000	\$ 5,000	\$ 49,000
Canada	\$ 95,000**	\$ 0	\$ 95,000
Eastern PA	\$ 146,325	\$ 320,450	\$ 446,775
Midwest	\$ 525,242	\$ 527,850	\$ 1,053,092
New England	\$ 136,400	\$ 201,535	\$ 337,935
Romanian	\$ 528,000	\$ 24,000	\$ 552,000
South	\$ 263,875	\$ 178,925	\$ 442,800
Wash/NY	\$ 220,835	\$ 469,200	\$ 690,035
West	\$ 297,718	\$ 221,680	\$ 519,398
Western PA	\$ 92,300	\$ 236,980	\$ 329,280
TOTAL	\$ 2,728,871	\$ 3,827,527	\$ 6,556,398

**Approximate amount in US dollars.

NOTES



PO Box 675 • Syosset, NY
516-922-0550 • 516-922-0954 *fax*
www.oca.org • info@oca.org