

2024 UOCC AGM

Submitted Questions and Answers

This document contains questions and answers regarding the 2024 UOCC AGM financial statements. The questions are primarily from Donna Reed, with additional questions from Gordon Gordey and Lesia Skyba. The questions focus on the following areas:

- levy allotments and their use for designated positions,
- outstanding accounts receivable and their impact on budgeting,
- expenses related to missions and salaries,
- increases in expenses and the need for authorization,
- D&O insurance coverage and costs,
- auditor fees, and
- the handling of funds designated for specific purposes (Sobor proceeds, building renovations, and archivist hiring).

Jennifer Parks, the Finance Manager, provides responses to most of the questions, with some input from Fr. Baxter and Larson Hogberg (the auditor).

[Questions from Donna Reed](#)

[Questions from Gordon Gordey](#)

[Questions from Lesia Skyba](#)

Questions from Donna Reed

[Question 1](#)

[Question 2](#)

[Question 3](#)

[Question 4](#)

[Question 5](#)

[Question 6](#)

[Question 7](#)

[Question 8](#)

Question 1

Where are the levy allotments from Sobor resolutions F1, F2 & F3? These funds were to be restricted outside of the operating fund and held solely for those positions when they were filled.

Answer provided by Jennifer Parks.

I based my numbers on 3900 members so it may vary a bit.

\$16/levy for OME x 3900 = \$62,400

\$9/levy for Communications Officer x 3900 = \$35,100

\$3/levy for Youth Worker x 3900 = \$11,700

Total - \$109,200

Again, if we only received 3700 membership levies that number will decrease. I was ballparking it off the financials. You stated that you know the funds were being held restricted in the operating fund.

At year end the cash flow was approximately \$134,000, and we traditionally do not receive a lot of income particularly in Q1 and most of Q2, removing the approximate \$109,000 from that left only some \$25,000 to run the Consistory until the next levies started coming in. This does not seem to make sense given our payroll, etc.

Question 2

Please provide the signed Sobor minutes and the funds will then be moved to the restricted accounts for the OME and Communications positions.

Answer provided by Jennifer Parks.

There is a total of \$415k of levy revenue outstanding on Sep 30, 2023 (see excel book tab 'Collections at Sep 30-23' and PDF pie chart). This revenue owing has been verified over the past two and a half years (that I have been here) and is based on the information that we have received from the parishes in the process of building back the lost "Master Database of Parishes" and their details by the previous Consistory boards and employee's (prior Sep 2021).

This monstrous task was part of my mandate when I was hired for this position. We have currently verified 85% of our parishes and our members with their help and cooperation (i.e. Filling out and sending back the Parish Report Form, where they report the number of members they have as of Dec 31, 2023, of the previous year).

This number of members represents the amount of revenue we should project to budget for, and we use the Allowance of Doubtful accounts to account for the fact that some accounts receivable will be uncollectible as it ages as well as the fact that our revenue projection is 85% accurate.

From Oct 1, 2023, to Dec 31, 2023, we collected \$131k in levy payments which reduced the accounts receivable by this amount (131K) and increased our cash balance.

[Collections at Sep 30-23](#)

[AR Levy Payments Oct 1-Dec 31-23](#)

Question 3

There was \$45,323 taken from the Missions dedicated fund along with another \$13,000+ expensed to missions during the year. I understand this primarily came from trips made to Newfoundland. My understanding is that the receipts for these trips totalled between \$65,000 to \$68,000. I see where \$58,000 is accounted for but where was the remainder expensed? Who authorized these trips? Who authorized the expenses and what day, or which meeting were these expenses either pre approved or approved by the Consistory Board or the Presidium?

Answer provided by Jennifer Parks.

From comments during the meeting, it sounded like that never happened. With an amount this large that is not acceptable.

The remaining 13k was expensed on the Profit and Loss statement September 30, 2023, under account '72000 Mission and Education Expense'.

I reported directly to the Chancellor, and he approved all the expenses we paid out. I was not in attendance at the meetings.

Question 4

Salaries & Benefits show an increase of \$113,026. What accounted for this? You stated that you did not receive a raise. Did anyone? I understand Jennifer received a bonus moved during the previous term which should be reflected in this reporting period. I understand she was also given a raise in November of 2022. If I am wrong, I stand corrected. That raise was in the next Q1 and wouldn't be reflected on these statements. Where was the increase on these financials incurred? Who authorized it and at what meeting? The proposed budget indicates a further \$29,000 for this year? Where is that going and where are those funds coming from? Who oversees the time sheets submitted to Ceridian? Those should be signed off by someone other than just the Finance Manager.

Answer provided by Jennifer Parks.

Payroll costs increased due to:

- *Bishop Ilarion increased pay for Metropolitan including back pay.*
- *Fr. Taras final payout and vacation paid out thus double pay for Chancellor overlap.*
- *Finance Manager raise Sep 22 and payout of vacation not taken Nov 22.*
- *Financial Coordinator position for AR and group benefit administration.*
- *Administrator for Finance Accounts Payable and Vital Statistics (originally hired to complete Master Parish Database so the website could be updated, and I believe this was a movement from the Consistory Board in August of 2022.*

The Chancellor approves the payroll time sheets prepared by the Finance Manager prior to the submission of payroll to Ceridian.

Question 5

Expenses increased some \$249,000. There needs to be a deeper explanation as to what those expenses were, why they were required and who authorized them? Where and when were they approved by either the Presidium or the Consistory Board? Or when was even the Treasurer consulted?

Answer provided by Jennifer Parks.

Expenses increased from FY 2022 to FY 2023 by approx. 200k. The majority of this is made up of increases to payroll as per above (112K),

Increases in Travel 20K (moving expense for the Chancellor), UOCC Consistory Board Expenses 30k.

There was no budget for Consistory Board Expenses (Enthronement, D&O Insurance, Canadian Council of Churches) or for the Chancellor's moving expenses in the approved budget that was revised from the original budget provided by the Finance Manager.

Please also see the notes to the financial statements provided throughout FY 2022/2023 for comments on increased expenses in each account.

If there is something specific, I can provide back up.

The budget for total expenses for FY 2023 was 760k and actual expenses were 730k.

Question 6

D&O Insurance is absolutely very important. You stated that an increase to \$2,000,000 in coverage came as an offer with the invoice and the impact was minimal. Was it approximately \$7,000? Why was the Treasurer or the Presidium not asked for an opinion?

Answer provided by Jennifer Parks.

The Treasurer was copied on the correspondence email regarding this with our insurance agent and broker.

We paid:

- *\$9,900 for 1M coverage in 2022-23 and*
- *\$13,800 for 2M coverage in 2023-24.*

An increase of \$3,900.

The cost of the new 2M coverage will be reflected in the 2024 FY financial statements.

Question 7

When did the auditors receive the financial information to complete their work? Have additional expenses been incurred since relating to adjustments, etc? The proposed budget earmarks \$15,000 for next year but there is (52,000+) listed for the previous year? Was that an expense or what is that number?

Answer provided by Jennifer Parks.

The auditors received the information they requested when they arrived on site for the audit in December. There may be additional expenses for the auditor attending meetings and fielding questions and phone calls from board members.

Completing adjustments is part of my duties. The 52K was an error and we have corrected it with the auditors. The corrected financial statements and final draft will reflect audit fee expenses of \$10,026.

Question 8

The previous Consistory Board passed a motion that net proceeds from the 2022 Sobor would be held in a restricted account to be used as seed money for the 2025 Sobor. I think Dobr. Lesia Skyba referred to it at the Sobor. There is no indication that a restricted or designated fund was set up for this purpose. Where are those funds? I am ballparking that total to be \$50,000?

Answer provided by Jennifer Parks.

I was not aware of this, but I will move those funds to restricted once I receive direction from the Chancellor. (\$111,555 Sobor revenue less \$56,508 Sobor expenses leaves \$55,047).

I have spoken with Larson Hogberg regarding moving funds we missed into reserved accounts, and he indicated that we will do this in FY 2024.

Questions from Gordon Gordey

Dear Father Baxter et al,

Here are my questions on the 2023 Financial Statements asked at the UOCC AGM on Saturday, March 30. I asked these questions in the spirit of contributing to outcomes that lead to the continued sustainability of our Orthodox Church.

[Question 1 - Note 9 – Accounts Receivable](#)

[Part a.](#)

[Part b.](#)

[Part c.](#)

[Part d.](#)

[Question 2. Contingent Liability](#)

Question 1 - Note 9 – Accounts Receivable

Part a.

I have a question about the disproportionately large Accounts Receivable amount of \$623,760, adjusted to \$596,274. I am concerned that this amount represents approximately 60% of annual expected revenue. My understanding is that industry standards allow for receivables to be at a maximum of 5%. Being that UOCC receivables have been above \$450,000 for three of the last four years this line item seems to simply roll over.

Answer provided by Jennifer Parks.

I, nor our auditor Larson Hogberg is aware of any industry standard for accounts receivable. 5% is a very low amount for a business, but it may be realistic for an individual parish.

Please see my response in [Question # 1 from Donna Reed](#)

Part b.

Is there a recommendation from the Internal Audit Committee on adjusting the receivables to an acceptable expectation of collection so the 2024 budget, and in reality the budgets for the next three years, can be determined with realistic revenue expectations?

Answer provided by Fr. Baxter.

The Audit Committee is a body that is independent from the Consistory Board, Chancellor and all other UOCC Administration. These questions should be submitted to the committee in writing, and they will respond accordingly.

Part c.

Although the External Auditor states they respond to information with which they are presented, my decades of experience in the not-for-profit sector have always had an External Auditor provide a strongly worded caution in their notes to the financial statements when the receivables are so out of line with their professional audit experiences. This is part of their duty of professional “heads up” conveyance. Has there been a discussion as to why they choose to remain silent on this item?

Answer provided by Jennifer Parks.

Larson Hogberg, please direct me in response.

Part d.

Others at this AGM have addressed that the Accounts Payables are at a similar 60% of Revenues which, together with the Accounts Receivable, raises serious concerns about our Church being solvent within two years. I'll leave this question to someone else.

No question, no answer.

Question 2. Contingent Liability

The “former Bonnyville pastor” lawsuit has been on the financial statement for some time. The External Auditor states: “The Church has provided its insurance carrier with correspondence and documentation related to this matter.” Have either the Internal Auditors or the External Auditors provided guidance on whether or not the UOCC should set aside a contingency dollar amount for a settlement \$1 million plus outcome?

Is there clarity to UOCC members on:

- Who is carrying the liability for the legal outcome? Is it wholly the Insurance company? Is it shared?
- What year was the lawsuit brought?
- Can the Insurance company provide a letter as to the status of the lawsuit? In industry no one would touch UOCC to invest in or purchase with this outstanding Contingent Liability?
- What is the UOCC cost with the Insurer handling this? Have our premiums increased? Is there a legal retainer UOCC is paying outside of the Insurer's involvement?

Response provided by Fr Baxter.

The “Contingent Liability” that the UOCC faces from the lawsuit brought by Fr. John Lipinsky over a decade ago is an action item for the current Chancellor. He is seeking resolution both in court and to find a way towards settlement with a claim from Fr. Lipinsky with the Insurance Company that had a policy with the UOCC at the time of the lawsuit.

I cannot comment further on this matter, as there is activity with our Attorney in Edmonton and with the Insurance Company.

Questions from Lesia Skyba

Dear fr Charles and Jennifer,

Fr Charles, I had asked about designated funds during the meeting.

[Question 1](#)

[Question 2](#)

Question 1

I just wanted to clarify, maybe this info got lost in the Chancellor change-over, but Holy Trinity Parish in Sarnia Ontario sent a gift of \$80k to the UOCC a few years back, as designated funds: \$40k for building renovations and \$40k for hiring an Archivist. I understand that some indoor renovations were done, new curtains, etc, but I can't imagine that all \$40k was used. These funds should be listed as Designated Funds and they should not be in the operations bank account.

Answer provided by Jennifer Parks.

The \$40K for the Archivist is being held in account 26000 Restricted Funds: 26000C – Capital project funds: 27200 Archives Building Fund on the balance sheet.

The 40K for the building renovations is being held in 26000 Restricted Funds: 23099 – Reserve Funds: 23100 Reserve – Major repairs on the balance sheet.

At Sep 30/2023 the 40K breaks down as follows:

- 1. \$3,000. Replace/Fix/Install light fixtures and bulbs interior and exterior (bulk was for new exterior lighting at the back entrances and parking lot).*
- 2. \$3,500. Moving and setting up of office furniture in unused offices on the main floor (including Chancellor change over), moving and setting up of kitchenette, reception area and board room on the main floor.*
- 3. \$4,000. Installation of new back door (previous original wood door was broken and unusable – this is a fire exit)*
- 4. \$11,000. New window coverings in offices on the main floor.*

Total spent at Sep 30-23 is \$21,500;

The amount left in the reserve account (23100) is \$18,500.

Question 2

Sobor: it was decided that any proceeds from Sobors was to be put aside and used for future Sobors. My recollection was that fr Charles, you were already on the CB when this was decided. These funds should also be listed as Designated Funds.

Answer provided by Jennifer Parks.

Please see my response in [Question #7 from Donna Reed](#).