

# Orthodox News<sup>SM</sup>

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[U.S. News](#) [World News](#) [Features](#) [Editorials](#) [Letters](#) [Announcements](#) [Links](#) [Hierarchs](#) [Spirituality](#) [Archive](#) [Contact Us](#) [Home](#)

## Letter from John Kozey, III to Metropolitan Theodosius dated September 21, 1999

September 21, 1999

Most Blessed THEODOSIUS  
Orthodox Church in America  
P. O. Box 675  
Syosset, NY 11791

Your BEATITUDE:

We in the Audit Committee would like to complete the audit for 1998.

I had contacted Deacon John Hopko in hopes of relaying information that I consider important to you regarding the disclosures by the Chancellor of monies that have been contributed to the Orthodox Church in America by the Archer Daniels Midland Foundation, which have not been recorded. These amounts have been publicly disclosed by this Foundation in its annual report to the Internal Revenue Service.

The Audit Committee believes that proper financial controls that conform to principles of nonprofit organizations in New York State, including the Orthodox Church in America, are critical to our organization maintaining its status as a tax-exempt corporation. To this end, we encourage and support you as Primate of the OCA in your effort to bring sound accounting management and controls into the central church administration.

Our outside CPA audit firm, Lambrides, Lamos, Moulthrop & Co. has provided the Chancellor, Treasurer and members of the Audit Committee with three "Nonprofit Alert" reports by Gammon & Grange, P.C., which describe and outline critical information to setting our Church on the path of sound accounting practices. These reports are "Accounting and Fiduciary Guidelines for Nonprofits", "Records Retention Requirements" and "A Model Benevolence Program for Nonprofits". I encourage you to consider these documents.

I particularly recommend that the OCA join an organization that is "a good safeguard against financial improprieties", such as the Ethics and Financial Integrity Commission (EFICOM), per "Accounting and Fiduciary Guidelines for Nonprofits" (item #22 - Watchdog Organizations). It is further mentioned

that "These organizations can provide perspective and accountability by reviewing an organization's activities and procedures from a distance." I continue to strongly support such activities, which may be accomplished in such a way as to maintain the maximum level of accounting compliance, as well as reviewing the integrity of the internal financial process.

Furthermore, I encourage you, as the leader of our Orthodox Church in America, to address the following important issue. Subsequent to our Audit Committee's incomplete 1998 fiscal year audit of June 22, 1999, financial resolutions and procedures have been made without sound professional accounting and financial advice. Such decisions may embarrass us as a Church organization, and could be challenged on a secular and legal basis, causing the Church to waste precious time and resources in defending what might be an indefensible position.

As an Audit Committee we need information regarding various accounts. These include but are not limited to: the unaudited Metropolitan's Discretionary Account, and any other accounts that come under the signatory control of the Chancellor and/or Metropolitan, such as the St. Sergius Chapel Account. Other serious concerns to us include continually undocumented American Express charges, and also charges to the Petty Cash Account.

Various options have been proposed to address the unrecorded activity since 1996. However, we believe that a full accounting is appropriate and in the best interests of our Church.

In summary, we need to be able to move forward and with humility and pride in how we conduct ourselves financially and in accordance with New York State Nonprofit Corporation accounting standards and IRS requirements. Again, you have my full support as you work to implement effective accounting and financial procedures.

Respectfully,

(signed)

John Kozey, III  
Chairman, Audit Committee

Cc: Fr. Robert Kondratick, Chancellor  
Fr. Paul Kucynda, former Treasurer  
Protodeacon Eric Wheeler, Treasurer  
Mr. Paul Hunchak, Secretary  
Mr. Peter Junda, Audit Committee  
Mr. Frank Tkacz, Audit Committee



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