

CNCI Management Issues – 08/06

○ Separation Issues

- Not-for-Profit cannot be controlled, or perceived to be controlled by for-profit (i.e. WS)
- Tradition staff must control and administer Tradition affairs
- All aspects must be clear/separate (communications, mentors, finances, leadership, etc.)
- Conflicts of interest or appearance thereof must be avoided at all costs. Dual positions with WS/TRAD should no longer be allowed if connections remain.

○ Finances

- Tradition has bank, PayPal and Ebay account
- All funds must be centrally collected, recorded, reported, and disbursed.
- Bookkeeping and reporting – must be done by Tradition (Dave as CFO)
- All expenditures must be approved in advance by CFO/BOT
- Savings – we need to build resource base and reserves
- Reporting – must report all donation and expenditures timely and clearly
- All Records are public – How to release financial data, live meeting and video suggested
- This is not occurring despite bylaws and prior BOT resolutions. Why not? Who is responsible? Where are missing Church funds? Have any tax statements been generated by other than CFO?
- Income
 - Fundraising
 - Grants
 - Donations
 - Merchandising (see copyright and WS conflict on interest)
 - Application fees
 - Intensives – Hoopeston intensive billed as Trad event. Where are funds?
 - Clergy association – On hold
 - Correllian fundraising cruise – where are proceeds going?
 - Clergy fees – where are these going?
 - WS “adopt-a-brick” – is this WS or CNCI? If WS, why is Trad member prominently handling? Why announced on CNCI lists? If Trad, where are funds?
- Donations in Hoopeston – where are these going? Have tax statements been issued?
- Do we have tax exempt status in IL?
- Which Temple is sought to be Magisterial? Right now there is NO 501(c)3 covered entity outside of Albany.
- Need investigation and forensic accounting to determine financial improprieties
- Officer Salaries – Must waive in 2006 due to lack of funds and financial improprieties

● Records

- Why was a new record system started in Hoopeston without BOD consent?
- Why are records not being entered to CNCI system?
- This appears attempt to cover for missing clergy fees
- This leads to inability to report members or finances
- This is contrary to bylaws, BOT resolutions, and State and Federal law

- Records cannot exist on WS server or system or be maintained by WS staff

- **Legal Issues:**
 - Financial improprieties
 - Clergy fees – where are funds?
 - Cruise – where are funds?
 - 3D intensive – where are funds?
 - Donations – where are funds?
 - Adopt-a-brick – where are funds?
 - WS donations announced – where are funds?

 - Leadership of CNCI, UNC, and Trad
 - Separation between Trad/CNCI and WS needs to be clear
 - Leaders must be held fully accountable for actions
 - Trad bylaws need to be changed to reflect greater oversight and accountability to congregation

 - Correllian copyright – the Church holds copyright to the Correllian materials, not WS, but WS is primary distribution outlet. Do we need new external CNCI owned materials to supplement new clerical Ordination standards?

 - Counsel – need external counsel

 - Auditors – Need independent forensic accountant/auditor

 - 3D intensive in Hoopeston - Insurance secured? Billed as Trad event, liability is high, this has been discussed previously and was ignored

- **Liability**
 - All Church-wide events must be run BY Church and all finances through Church
 - Church needs system-wide liability and officers liability policies
 - Privacy and confidentiality must be ensured, particularly with minors/medical
 - Care must be taken to ensure safety with minors (alcohol provided by leaders, inappropriate sleeping arrangements coordinated by leaders, inadequate medical care, did not notify legal guardian, inappropriately violated confidentiality and HIPAA rights by discussing publicly)
 - Leaders must be held fully accountable for actions
 - Liability management is responsibility of Directorate and all instructions must be followed (case of XXXXXX in DC and insurance)
 - Finances – 501c3 and CNCI rules MUST be followed at all times (See above)
 - Past financial and taxation issues MUST be resolved and missing funds returned
 - Separation or WS (profit) and CNCI (Non-Profit) issues MUST be resolved

- **Staffing**
 - Need staff review to ensure appropriateness and separation issues resolved
 - Need job descriptions for all positions
 - New positions needed – Counsel, Grants Specialist, Instructional designers, programmers
 - Positions eliminated – Second Director, Deemstress of Applications
 - Must revise bylaws to give greater accountability and more oversight/control to Office of Directorate

- Clear lines of authority, responsibility

- **Communication**

- Need communications system for CNCI Mentors (separate from WS)
- Need Tradition newsletter (separate from WS Daily Spell)
- Directors – communicate more and better
- Quarterly BOT meetings
- How to handle public information communication and reporting

- **CNCI Clerical Seminary**

- College – On hold
- Records – Not complete until in CNCI system
- Where are clergy fees? No ordination until resolved
- 3D training modules 16 – how did this work?
- 3D background checks – Directorate will handle
- Clerical/OC Association – on hold

- **Bottom Line**

- Separation (WS) issues
- Financial improprieties
- Business ethics
- Liability – only assets are in Albany, while most liability issues arise in Hoopeston
- Leadership accountability
- Teaching system – blurred with WS, no clear process or separation
- Materials – CNCI not WS holds copyright over our “core religious materials”
- Lack of oversight of locations
- Inconsistent administration of policies
- Bylaws of Trad take precedence over all WS policies and must be revised to reflect
- What does congregation have to show for donations?
- What is value to Albany of this arrangement?
- Why should Correllian Trad remain under 501c3?
- Why should Don remain a leader and or BOT member given demonstrated issues?
- Should external authorities be called in to investigate (Attorney general, White collar crimes, IRS, NYS/other state Tax and Finance units, Better Business Bureau)?