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**UPPER NEW YORK ANNUAL
CONFERENCE OF THE UNITED METHODIST CHURCH**

REQUEST TO ALLOCATE THE COST OF THE CHILD VICTIMS ACT LEGAL FEES AND
SETTLEMENT COSTS

WHEREAS, the Child Victims Act (CVA), signed into law in August 2019, opened a window for retroactive filing of civil cases by victims of childhood sexual abuse against entities and organizations like schools, churches, and annual conferences. The retroactive filing provisions of the law expired in August of 2021 and the final cases were served against the conference and its local churches by the end of that year.

WHEREAS, under the provisions of CVA, The Upper New York Annual Conference of the United Methodist Church (UNY) had 63 cases filed against it in New York State Courts. Forty-six of those cases were related to Boy Scouts of America (BSA) troops that were chartered in our local churches. The remaining 17 cases were unrelated to the BSA.

WHEREAS, paragraph 2512.4 of the *Book of Discipline (BOD)* gives the Conference Board of Trustees authority to “intervene and take all necessary legal steps to safeguard and protect the interests and rights of the annual conference anywhere and in all matters relating to property and rights to property whether arising from gift, device, or otherwise, or where held in trust or established for the benefit of the annual conference or its membership.” With this authority the Conference Board of Trustees have engaged attorneys to respond and resolve the CVA cases. The Conference Board Trustees has and will continue to access unrestricted cash to pay the legal fees and settlement costs related to the defense of the Conference.

WHEREAS, as of Dec. 31, 2022, UNY has used \$2,500,000 in unrestricted cash to pay for legal fees and four (4) non-BSA settlements. In addition, the United Methodist conferences located in the United States have agreed to a \$30,000,000 settlement related to the BSA legal cases. UNY’s portion of that settlement is approximately \$1,250,000. The Conference Board of Trustees still has 13 cases to resolve.

WHEREAS, the Conference Council on Finance and Administration (CFA) is given authorization in paragraph 613.8 of the *BOD* to recommend to the Annual Conference procedures for dealing responsibly with situations in which budgeted funds are inadequate to meet the needs of unforeseen circumstances.

WHEREAS, in accord with paragraph 613.8 and in consultation with other teams, CFA has considered options to allocate CVA costs including apportioning every local church an additional charge each year to cover the prior year’s CVA expenses. CFA does not support this option and believes the financial burden this would create would be detrimental to the life and ministry of our already struggling local churches.

WHEREAS, another option considered by CFA was to allocate CVA costs to the unrestricted fund balances of the Conference. UNY has over \$18,000,000 in unrestricted fund balances between the Trustee fund, the General fund, and the Pension/Health fund. These fund balances

1 are a result of monies paid by our local churches over the years and were retained and invested
2 after all current expenses were paid. CFA believes utilizing these unrestricted funds is the best
3 option to care for the cash expended to date as well as all future expenditures related to the
4 Conference's CVA defense. CFA believes these allocations can be done without causing
5 significant harm to any of the three (3) funds listed. Indeed, in regard to the Pension/Health
6 fund, CFA believes that use of this fund will be replenished over the next 5-10 years through
7 continued investment income along with pension liability payments from disaffiliating
8 churches.

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11 **THEREFORE, BE IT RESOLVED**, on recommendation of CFA, the Annual Conference directs
12 the Conference Treasurer to allocate CVA previously incurred expenses along with all future
13 CVA expenditures to each of the three (3) Conference funds on a pro-rata allocation based on
14 the balances in the last audited financial statements of 2020. Below is a list of those fund
15 balances and the proposed pro-rata based allocation:

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Fund Name	Unrestricted Balance	Percentage
General Fund	\$ 4,478,983	24%
Trustee Fund	\$ 3,270,526	17%
Pension/Health Fund	\$10,956,075	59%

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