

InterAct Ministries
Executive Director's Report to the Board
February, 2013

Thirty-five years ago, when all my hair was brown and still attached, Carol and I had the privilege of traveling the back roads of British Columbia with Johnny and Nadine Gillespie en route to Arctic Mission's Oregon office. Being a captive audience for two days in a car with these two high powered people meant a lot of challenging conversations. I was young and seeking to make my mark in the world – or at least in the world of missions. Success was important to me. I wanted to impact eternity with the good news of Jesus! As part of that fire in my heart I had read and memorized every verse I could find in the Bible about success. One of Johnny's questions to me was, "So what is your favorite Bible verse." I immediately quoted Joshua 1:8 to him. I thought this verse had the secret formula for success. If I stayed in the Word, memorized it, meditated on it and obeyed it I would have the success I sought. In wisdom, Johnny didn't burst my bubble, but rather just reminded me that I had to be careful what I used for my definition of success. Wise counsel.

So why did I recount that old story? I suppose it is because I still desire to know success. But I think I have come to the point in my life where I am not willing to settle for a version of success that is primarily concerned with how I look instead of how He looks. Interestingly, these many years later, when I read the first chapter of Joshua, the thing that stands out to me most are not the words about success. Instead, I am captivated by God's admonition to Joshua to be strong and courageous. The reason for this courage is because of God's clear promise to be with him.

Have I not commanded you? Be strong and courageous. Do not be frightened, and do not be dismayed, for the LORD your God is with you wherever you go. Joshua 1:9 ESV

Jesus repeats the promise of His presence in the Great Commission – a promise to be with us right up to the very end of the age. Now that inspires my confidence.

So my heart is to move forward with strength and courage. I think this means it's not about me. I am called to move forward boldly without regard for how I look. It's about moving where He wants us to go with full confidence that He is there to get us to His goal. Reaching His goal means achieving success, God's idea of success regardless of how any of us look in the process!

One of the things I feel needs to be brought to both boards is my sense of how the organization is doing. Are we advancing? Are we stagnant? Are we holding our own? Are we fulfilling our mandate and calling? Are we impacting eternity? Are we healthy organizationally? As board members, the guardians of InterAct Ministries, Inc. and InterAct Ministries of Canada, it is important that you have the best possible sense of InterAct's health and impact. The board packets have a breadth of information that is essential for you as you seek to provide governance over your respective organizations. With the reports from the fields and the various administrative departments you should have adequate information for wise oversight.

By now, all of you should have read the book, *Board Member Orientation*, by Michael Batts. (New board members received a copy in the mail and older board members received one last February.) By way of reminder, let me highlight Batts' identification of board responsibilities. He refers to the board's "SOP":

"S" refers to strategy. A board is responsible for the mission statement of the organization. This speaks to the big picture purpose for our existence.

The "S" also refers to the financial plan (budget) that provides the map for activities for the next year.

Batts then talks about the **"O" – oversight.** A board is to monitor and evaluate at least six key areas:

- Adherence to the organization's mission/purpose
- Evaluating effectiveness
- Evaluation of and compensation for the CEO
- Confirming compliance with governing documents and legal requirements
- Evaluating an organization's financial situation
- Ensuring appropriate risk management

"P" refers to policy. The board is responsible for policies that provide the fences around management and operations of the organization.

My goal in this report, in combination with the reports of others, is to inform you as clearly as possible regarding the position of the organization on the three areas above.

As most of you know, a group of us met to discuss InterAct's organizational mission/purpose last August. The outcome was not definitive, but we were quite close to consensus. Due to busy schedules, mine included, we did not reconvene in the interim. My plan is that we take time at our Joint Board Dialogue to discuss the proposed revision of our mission/purpose statement to determine if we are ready to embrace the proposal or if the committee needs to re-visit the issue. As you will recall, the committee's recommendation looked something like this:

InterAct Ministries exists to make disciples, gather believers and transform communities among least reached peoples in cooperation with churches and likeminded organizations.

Oversight is another big responsibility of any board. Although the boards only meet twice a year, my job is to be sure you know enough of what is happening in the organization that you can provide oversight.

1. *Adherence to organizational mission/purpose.* Our current official mission statement and vision statement are listed below. I have thrown in our "value statements" that were determined by polling our staff in the past. An astute observer might notice that

we are listing our “values” a little differently on our new webpage. You’ll have to look it up. <http://www.interactministries.org>

Mission Statement

We exist to glorify God by fulfilling the Great Commission among unreached people groups.

Vision Statement

We want to see a culturally relevant church transforming every community in the North Pacific Crescent.

- By *culturally relevant church* we mean a fellowship of disciples that fits in the culture of the community.
- By *community* we mean a group of people who reside in a specific locality and have a common culture.
- By *North Pacific Crescent* we mean that part of the globe centered around the North Pacific.

Core Values

- *Bible*
- *People*
- *Commitment*
- *Overlooked peoples*

I do believe we need to do some work to clarify our mission/purpose a little more succinctly.

2. *Evaluating effectiveness.* In the past, immediately prior to Gary’s departure, we were prepared to launch a system of “effectiveness measures.” This concept was met by resistance from some and excitement from others. The plan was ended before I stepped into this role. I am not opposed to such plan, but recognize the difficulty of measuring ministry outcomes. At present, Canada does a comprehensive evaluation of one program every year. Beyond that you need to rely on the reports from the field regarding the relative effectiveness of InterAct at the front lines.
3. *Evaluating CEO effectiveness and compensation.* I will leave that to you. 😊
4. *Confirming compliance with governing documents and legal requirements.* In this regard I am quite confident that we are demonstrating appropriate compliance. With consistently good audits in both organizations, accountability to the Evangelical Council for Financial Accountability (US) and accountability to the Canadian Council of Christian Charities (Canada), I am convinced that we are staying within the parameters of our governing documents and within legal requirements. In addition to accountability to these two professional organizational watchdog groups, we have stellar administrative directors in the US (Roy Martin) and Canada (Wes Schellenberg). Jerry Crosby is ever vigilant regarding legal issues relating to Human Resources law in the US and Greg Hamilton is doing the same in Canada.

5. *Evaluating organizational financial health.* Our clean audits speak to the legal side of our organization's financial situation. A trend that has progressively shown itself over the last three to four years is the decrease in giving to operational ministry. At this juncture we are raising approximately \$90,000 per year and approximately \$55,000 of that has gone to projects. The difference is not enough to pay for the salary and expenses of our current development director. Although we are getting a lot of good publicity and exposure via our development director, unless we can come closer to covering costs I will need to make changes. If this person is at least covering their costs there is good reason to keep them in a public relations kind of role. That does not negate my intention to pursue a development director who will be better able to raise ministry capital to cover his/her salary, expenses, projects and significant increase in operational giving.

An examination of both budgets will reveal that I am presenting deficit budgets to both organizations. The Canada board has instructed me to begin spending down its surplus in order to advance ministry. That has been built into the Canada budget for 2013-2014. There is also a significant amount of cost related to paying the full salary and most of the expenses for the executive director. These two factors account for the deficit budget figure for the Canada organization.

InterAct Inc, on the other hand, has a deficit budget, primarily in order to provide money to advance key ministry plans in Alaska. That coupled with decreasing operational income and salary/wage/subsidy expenses of over \$150,000 in the US office, call for a short-term deficit budget. Opinions vary, even amongst our management team, regarding how much financial depth an organization should hold. From the seat of the executive director, I will go on record to state that I feel it is not inappropriate to put more of InterAct Inc's financial reserves into ministry. That thinking is reflected in this year's proposed deficit budget. Even as I say that, I recognize the long-term health of the US organization necessitates a stronger development component.

6. *Ensuring appropriate risk management.* I feel we are in a much healthier place in both organizations regarding risk management than we were a decade ago. We have good insurance in place in both organizations. We have child protection policies in place. We have legal counsel appointed and on call as needed. We have employment issues being evaluated in both organizations by competent HR personnel. We have excellent business administrators in both orgs that keep current on financial laws & controls as well as monitoring our tax exempt status and compliance. Overall, I feel we are in relatively good shape in protecting the organizations against major risks. Someday down the road it may be appropriate to consider doing an in depth risk assessment audit which would include staff security issues, but I do not see it as our highest priority now.

"Policy" - The US board, has recently completed a policy review and now has a newly revised policy manual. This new manual is a solid foundation for the future. As updates and changes are needed, there is a well thought out base on which to build.

Each of the field reports are a good representation of reality on those fields. Let me touch on each field from the executive director's perspective.

Canada. Dan Mayerle and his team are doing an excellent job of casting vision, developing strategy and moving forward in implementation of that strategy. Read his report carefully. Reading between the lines you can see a relational leadership style that is going far to engender trust. Dan has worked and prayed for a long time for the kind of organizational infrastructure he now enjoys and it is freeing him to invest more of himself in his greatest areas of strength. Although he still struggles with releasing some of the more personally fulfilling jobs in order to lead at the top level, he is making choices for the best of the whole. I couldn't ask for a better friend or a more effective field director.

Alaska. Although David Joseph has one less job on his plate than he did when he stepped in as field director, he still carries enough extra responsibilities to distract two or three field directors. He has had a very good year in ministry, both in the Native church-plant in Fairbanks, as well as in his leadership role in the state of Alaska. This fall, Harry Hafford, the Native Alaskan that David has mentored to succeed him as pastor of the Fairbanks Native Bible Church, was ordained. This is a huge step toward the release of this thriving ministry. Many of you will recall the Partnership Summit David sponsored in Alaska in the spring. It continues to reap rewards in ministry across the state. Another victory for David's leadership has been his effective wooing of two new missionary couples into the organization. These two couples, along with another InterAct couple from Canada, are the beginnings of a new team of workers. David has chosen to build a team of people to move ministry into the future rather than try to build program without adequate personnel to support it. It is a slow process, but it is a process that is building on a solid foundation. I affirm his leadership as he builds a solid team with which to advance ministry in the near future. David is building well and I have confidence in him and appreciation for him as a friend and co-worker!

Russia. Thomas Slawson blessed Carol and me this fall with a three plus week trip to Russia and Siberia. To say it was a huge eye opener would be an understatement. We had the privilege of seeing the cultures of European Russia in St. Petersburg and be challenged by the passionate Uzbeki believers. We saw and worshipped with believers in Krasnoyarsk, Siberia as well as in Tuva. God is doing some amazing things in Russia through a small handful of believers. InterAct Russia is using a few small loaves and fishes to leverage a great harvest of believers in this vast land (sorry about mixing my metaphors). The opportunities are huge. Even with our small numbers we are making an extraordinary impact. Thomas continues to provide leadership to this team, but will be stepping back very soon. At this point, I am considering not even appointing a field director for Russia since we only have two missionaries on the field. Even with the imminent arrival of the Moles, I am considering moving to some form of a team leader rather than a full field director. My prayer is that we will soon have such a bounty of new missionaries that there will once again be a need for a full fledged field director.

Even though Thomas is soon to step down as Russia field director, his importance to the organization is huge. I am presently negotiating his new role with him. His public ministries report gives most of the particulars. One of the expectations I have for Thomas in the new role will be to take on a greater emphasis with donor/church development. We need greater exposure in churches, schools and with key donors. I am confident that Thomas will advance us

in these arenas. Please read carefully his list of new contributions to InterAct's public profile through print and media. And then go to the website to see his handiwork. Check out some of the new videos he has posted there. Thomas is another member of the team who adds great value to all of us!

I have chosen to emphasize the three field directors in this report. Unfortunately, that does not do justice to the incredible support team in both offices. Jerry Crosby holds the fort together with everything related to Information Technology. He also cares for Human Resources for the US organization, with significant overflow going to bless the Canada organization! We would be deeply hurting if we did not have his expertise and experience.

Jerry's HR equivalent in Canada, Greg Hamilton, is also invaluable. Greg came to InterAct with significant background and training in business and is proving to be a great mind trust to the Canada team.

Roy Martin wears a lot of hats in InterAct US. His most noticeable contribution at this level is his oversight of all things financial. His contributions go far beyond just the numbers. Roy is a very strategic thinker and his insights and perspective prove to be both a help and a challenge to me. As InterAct Inc's administrative director, Roy has been a key player in all InterAct has accomplished in recent years.

Wes Schellenberg, Canada's administration director, is wired very much like Roy. He cares for a host of details for Dan and me in the Canada organization. I thank God for Wes's selfless spirit and willingness to serve until it hurts. As with the US, Canada is blessed with godly servant leaders in our key administrative posts.

Last, but not least, I want to speak of the contribution of Diane Schoming. This lady loves InterAct so much that it is hard to be around her without conversation turning to some individual or story from the field. She has done more to promote what God has done and is doing through InterAct than any other one individual I know. She is a blessing to have on the team.

I serve with a great team. My goal as leader of this organization is to lead well. I recognize that with position comes authority. To use another word, a position comes with power. In itself power is not wrong. My goal is to use the authority and position that God has given me to advance His purposes. I believe that includes using the power inherent in my role to empower others and not to overpower them. Together, an empowered InterAct team can advance His kingdom in greater ways than we can even imagine.

Thanks for the privilege of serving.

Dale Smith

Executive Director, InterAct Ministries