

SECTION 2 – MANAGING THE TEMPORAL AFFAIRS OF THE PARISH

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## **PART TWO MANAGING THE TEMPORAL AFFAIRS OF THE PARISH**

The responsibility and accountability for the stewardship of church money and property required of the vestry and treasurer is described in the canons. The Department of Finance assists parishes in identifying and implementing these areas of responsibility. Below is a listing of various canons, resolutions and policies of which a vestry member should be aware.

**Business Methods and Accounting Principles:** The responsibility and accountability for stewardship of church money and property is delineated in Title I, Canon 7, of the Canons of the Episcopal Church. Certain business methods and accounting principles and practices were approved by General Convention in 1979, to be implemented in every parish and diocese. By resolution, the General Convention authorized publication of the Manual of Accounting Principles and Recording Practices for Episcopal dioceses, parishes and missions. The General Convention authorized the Executive Council to revise and update the manual periodically. The current edition is now titled the *Manual of Business Methods in Church Affairs*

**Full-disclosure reporting:** Non-profit organizations have the responsibility of reporting to their contributing sources (which includes the parishioners in a parish) all the assets, liabilities and fund balances belonging to the organization. Full disclosure requires that all funds of a parish, regardless of source, structure or separation of management, should be reported on a single set of financial statements with appropriate supporting exhibits and data relating to the various fund balances. For example: operating funds; endowment and trust funds; discretionary funds; funds of parish organizations; real estate funds including land, buildings, furniture and equipment and the cost of any improvements. The expenditures within a fund should be properly outlined.

### ***Diocese of Atlanta Policies on Audits:***

**Annual audit:** All accounts of parishes and aided parishes should be audited annually by an independent certified public accountant, or independent licensed public accountant, or an audit committee authorized by the diocesan Department of Finance.

All audit reports, including any memorandum issued by the auditors or audit committee regarding internal controls or other accounting matters, together with a summary of action taken or proposed to be taken to correct deficiencies or implement recommendations contained in the memorandum, should be filed with the bishop not later than 30 days following the date of the report, and in no

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event later than Sept. 1 of each year, covering the financial reports of the previous calendar year. (*Canon I.7.1.5, see below*)

It is expected that the larger parishes will comply with an audit by a CPA. If the parish uses an audit committee, it is recommended that the parish conduct a CPA audit every three years. Audit guidelines and procedures are available from the finance office

All accounts of such audits, including any memorandum issued by the auditors or audit committee regarding internal controls or other accounting matters, together with a summary of action to be taken or proposed to be taken to correct deficiencies or implement recommendations contained in any such memorandum, shall be filed with the Bishop or Ecclesiastical Authority not later than 30 days following the date of such report, and in no event, not later than September 1 of each year, covering the financial reports of the previous calendar year.

**Parochial report:** Each congregation is required to submit an annual report on the appropriate parochial report form by March 1 of each year. (*National Canon I.6.1*)

**Clergy compensation report:** A diocesan resolution requires clergy compensation to be reported annually in the *Journal of Annual Council*. (*Diocesan resolution, 1981*) Currently in order to address privacy concerns about using the internet, names of clergy are not published with the salaries but are available on request at Annual Council.

**Diocesan commitment:** Each congregation is required to submit its financial commitment to the diocese at least 30 days prior to Council. Ten percent of the average of the past three years' income shall be the minimum level of giving in support of the Ministry & Mission Budget of the diocese. (*Diocesan Canon 20*), Page 11 in the Appendix of this section)

**Business methods for trust and permanent funds:** Parish trust funds, permanent funds and securities must be deposited with a bank, Diocesan Corporation or other approved agencies. Two signatures must be required for withdrawal. Records of trust funds must be kept, showing source and date, terms governing use of principal and income, frequency and recipients of reports of condition, and how the funds are invested. (*National Canon I.7.1.1-2*)

**Fidelity bond:** Treasurers and custodians for any funds which exceed \$500 during any year shall be bonded. (*National Canon I.7.1.3*)

**Financial reporting:** The Department of Finance of the diocese may require copies of any or all accounts of a parish. (*National Canon I.7.1.3*)

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All parishes and missions must prepare financial statements on a monthly basis. The standard financial statements required of each parish and missions are: 1) statement of assets and liabilities resulting from cash transactions (balance sheet); 2) statement of cash receipts and expenditures; and 3) when applicable at Dec. 31, analysis of changes in fund balances.

Budgeting of parish income and expenses is essential to proper planning and control. It is essential that the monthly financial reports to the vestry compare actual income and expenditures with the budget.

**Cash basis accounting:** Parishes and missions should keep their records and prepare financial reports on the cash basis. This does not preclude the use of accrual basis accounting by those desiring to do so.

**Fiscal year:** The fiscal year shall begin Jan. 1. (*National Canon I.7.1.8*)

**Operating fund deficit:** The canons state that if the treasury is deficient, the vestry shall collect, as far as practicable, by subscription or otherwise, a sum sufficient to liquidate all of the current annual obligations of the parish.  
(*Diocesan Canon 33, page 13 of this section's appendix*)

**Payment of employee compensation:** The canons state that the vestry shall pay with punctuality, at the intervals agreed, the stipulated salary of the rector or vicar and others (*diocesan Canon 33 page 13 of this section's appendix*)

**Offerings:** The canons state the vestry shall inform themselves of the orders and times of ALL offerings required by the canons of the diocese and take measures for the obedient fulfillment and due liquidation of these obligations.  
(*Diocesan Canon 33, page 13 of this section's appendix*)

**Thanksgiving offering:** Every congregation is required to have a special offering for Appleton Family Ministries on Thanksgiving Day or between the Sunday preceding and the Sunday following Thanksgiving Day, both inclusive.  
(*Diocesan Canon 24, page 13 of this section's appendix*)

**Bishop's visitation:** It is customary that the plate offering received at the time of the bishop's visit be designated to the Bishop's Discretionary Fund.

**Clergy pension:** All parishes must pay the Church Pension Fund assessments due on the salaries and other compensation of the clergy. (*National Canon I.8.3*) For any cleric who is engaged in compensated church work for a period of three consecutive months in the same church and receives a minimum of \$200 per month, assessments must be paid on his or her behalf at 18 percent of that compensation by that church. This applies to full-time, part-time, supply or

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interim work.

For purposes of calculating clergy pension assessments, use the cash salary, housing allowance, utilities allowance and any compensation for self-employment (Social Security) taxes. If living quarters are provided rent-free by the parish, the housing amount is figured as 30 percent of the cash salary, utilities allowance and any compensation for the self-employment tax combined.

**Lay pension:** All lay employees should be provided retirement benefits. An employee who works a minimum of 1,000 hours annually is eligible to participate in the Episcopal Church Lay Employees Retirement Plan. Employees who work less than 1,000 hours should be provided retirement benefits in a comparable plan. If the plan is a *defined benefit plan*, the parish's contribution shall be not less than 9 percent of the employee's salary, and if the plan is a *defined contribution plan*, the parish shall contribute not less than 5 percent of the employee's salary and agree to match employee contributions up to another 4 percent of the employee's salary. The parish may impose a minimum age of 21 years and a minimum employment period not to exceed one year of continuous employment before an employee would be eligible to participate. (*Resolution D165a of General Convention, 1991, and diocesan Resolution R91-8, 1991*)

**Worker's Compensation:** Every parish or mission employing three or more persons must provide Worker's Compensation insurance coverage.

**Aided parishes:** Diocesan financial support of aided parishes is based on the expectation that aided parishes should plan intentionally to phase out diocesan support over a mutually agreed period of time, depending upon the circumstances of each case. The following policies are extensions of this expectation:

- a) Each aided parish is expected to conduct a well executed every-member commitment stewardship program each year. Financial support will not continue to any aided parish which fails to conduct its stewardship in terms of this commitment. Diocesan assistance for inaugurating such a program is available from the Commission on Stewardship.
- b) Each aided parish will be contacted annually to evaluate how much financial support will be needed by the parish in the coming year. It is expected that each aided parish will have a five-year plan in place to reduce and ultimately eliminate the diocesan aid.
- c) Each aided parish is required to submit monthly financial reports to the diocesan finance office. Monthly aid checks from the diocesan operating fund will be contingent on the timely receipt of these reports.

**Reporting clergy earnings to IRS:** All clergy employed by parishes and missions are considered employees for income tax purposes. They are considered self-employed *for Social Security tax purposes only*. Therefore, all clergy so employed must file a 1040 SE return and pay the self-employment tax. Only clergy who have exempted themselves from the Social Security system on the grounds of conscientious objection to the receipt of government-funded insurance are excluded from this requirement.

Clergy should not receive a Form 1099 for reporting income from parishes. They should receive a Form W-2 showing the salary received. The W-2 differs from that of a lay employee of the parish. The primary differences are:

- a) Social Security taxes are not withheld, because clergy are considered self-employed for Social Security purposes.
- b) Federal income taxes may be withheld or not, as the cleric wishes. The cleric may also request withholding to cover amounts due for the self-employment tax.
- c) The income reported on Form W-2 should include salary, compensation for self-employment tax, auto allowance and any other compensation for which the cleric has not reported in detail to the parish. The auto allowance would be excluded in this amount if the cleric is required to “account” to the parish for the expenses. A housing allowance is not required to be reported on Form W-2, provided the entire amount of the allowance is excluded under Section 107 of the Internal Revenue Code. However, IRS prefers that the housing allowance be reported on Form W-2 as a separate memo notation. The cleric should use Schedule C for reporting income and expenses related to self-employment, such as individual fees for performing marriages, baptisms and other personal services.

**Accountable plan:** An employee of a parish may establish an *accountable or reimbursement plan* with the parish for expenses paid or incurred by him or her solely for the benefit of the parish. Accountable plans can cover business expenses such as travel and automobile expenses, meals and lodging when away from home overnight; allowable educational expenses and other expenses which are solely for the benefit of the parish.

Under an accountable plan, the vestry establishes a written plan and adopts a resolution up to the budgeted amount. The plan must require the employee to substantiate within 60 days all business expenses using an account book, diary or similar statement. The plan must require that the employee return any amount in excess of the substantiated expenses covered by this arrangement within 120 days. If the employee conforms to all of the above, the amounts paid to him or she may be completely excluded from the tax return and Form W-2.

**Clergy housing allowance:** The housing allowance is the most important single tax break available to clergy. Money spent by the cleric to provide, furnish and maintain a principal residence is excluded from federal income tax, subject to certain limitations. The vestry must pass a resolution stating the cleric's housing allowance prior to the first paycheck each year. The cleric advises the vestry of the amount of his/her compensation to be designated as housing allowance. There is no limit on the cleric's compensation that can be designated by a church as a housing allowance. The cleric is responsible for reporting to the Internal Revenue Service the lowest of the following amounts

- a) actual cash spent;
- b) fair rental value of the house, furnished, plus utilities (if parish does not provide a residence for cleric) or;
- c) amount specified in the vestry minutes before the money is paid. The cleric should be given a letter from the vestry stating the resolution for IRS compliance and documentation.

Churches that fail to designate an allowance in advance of a calendar year should do so as soon as possible in the New Year. The allowance will operate prospectively. Churches should consider adopting a 'safety net' allowance to protect against the loss of this significant tax benefit due to the inadvertent failure by the church of designate an allowance. It is also recommended that the parish budget reflect a separate line item for the housing allowance. The amount of the housing allowance may be amended during the year if the original allowance proves to be too low. However, the amended allowance will only operate prospectively. Under no circumstances can a cleric exclude any portion of an allowance retroactively designated by a church.

A housing allowance is excluded from federal income tax; however, it must be included in a cleric's self-employment earnings.

Who is eligible for a housing allowance? The Tax Court ruled that a minister is one who satisfies all five of the following factors:

- 1) administers sacraments;
- 2) conducts religious worship;
- 3) management responsibility in a local church or religious denomination (control, conduct, or maintenance of a religious organization);
- 4) ordained, commissioned, or licensed; and
- 5) considered to be a religious leader by one's church or denomination.

If a person serves as a "minister of music" or "minister of education," or serves in an administrative or other function of his/her religious organization, but is not authorized to perform all of the religious duties of an ordained minister in the church, even though he/she is commissioned as a "minister of the gospel,"

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he/she cannot exclude from income a housing allowance or the value of a home provided.

**Discretionary funds:** The primary purpose of a discretionary fund is to assist people in time of need, or to be applied to such other works as in the opinion of the minister will further the work of the church. If a cleric does not have access to a separate fund for professional purposes, the discretionary fund may be used for this as well.

The alms and contributions, not otherwise specifically designated, at the administration of Holy Communion on one Sunday in each calendar month should be allocated to the rector's discretionary fund. (*National Canon III.14.2.f*)

In some parishes, the discretionary fund is included in the annual operating budget.

The discretionary fund must be an account of the parish. Although the cleric may write the checks and maintain the confidential records of the fund, the fund itself belongs to the parish. The bank account is in the name of the parish; i.e., "Christ Church Rector's Discretionary Fund" or "Christ Church Assistant Rector's Discretionary Fund" with the parish's tax identification number on the account. To preserve confidentiality, the cleric can be the only signer. Discretionary funds remain at the parish when the cleric is called elsewhere. Discretionary funds are included in the annual parish audit.

**Tax-exempt status:** The Episcopal Church has been determined to be exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1954. Copies of this exemption are available from the diocesan finance office for the parish's use in applying for grants under this status.

**Church building and financing:** The vestry should notify the bishop of any plans for new construction and/or building renovations. The bishop should also be notified of any plans to borrow funds and encumber property. The vestry should request the *Building and Financing Manual for Parishes in the Diocese of Atlanta* from the diocesan finance office.

If new construction or renovation of worship space is planned, the vestry should contact the Commission on Church Architecture & Church Construction prior to any plans being developed.

All parishes and aided parishes should secure the advice of the Commission on Church Architecture and Church Construction regarding new buildings, structural alterations or additions to any present building on the church property. The parish or aided parish is required to submit to the commission the following: a) intention to initiate; b) schematic drawings and specifications; c) design development drawings and specifications; and d) such other plans as shall be required by the commission. Following construction, as-built drawings and specifications should be furnished to the diocese. (*Diocesan Canon 11, page 16 of this section's appendix*)

**Church debt:** No indebtedness shall be incurred by an aided parish without prior approval of the Bishop and the Department of Finance.

Indebtedness may be incurred by a parish without the prior approval of the Bishop and the Department of Finance, where the debt service (i.e., annual payments of principal and interest), including debt service for all indebtedness heretofore incurred for current expenses and still existing, does not exceed 20 percent of the total annual receipts of such parish during the preceding fiscal year. Short term indebtedness in excess of the 20% limit may be incurred when there is reasonable expectation that it can be repaid in its entirety out of parish receipts within the next three years, and budget provision for such repayments has been so made. No further indebtedness may be incurred without the prior approval of the Bishop and Department of Finance.

The bishop and Department of Finance must be notified before any short or long term indebtedness is incurred. (*Diocesan Canon 23, page 16 of this section's Appendix*).

**Encumbrance of property:** No real property may be encumbered or alienated by a parish without the written consent of the bishop and Standing Committee of the diocese. (*National Canon I.7.3*)

**Property:** All parish and mission property is to be held in trust for the Episcopal Church and the diocese, with the local congregation retaining control only so long as it remains part of and subject to the Constitution and Canons of the church. (*National Canon I.7.4*) *All buildings and their contents shall be kept adequately insured. (National Canon I.7.1.6)*

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**Annual report of vestry:** The vestry shall write and deliver to the rector or vicar a full, accurate and faithful statement of the temporal condition of the parish prior to the annual parish meeting. This statement should show what money, lands and other property have been received during the past year and from what sources; what money has been expended and for what objects; what property has been exchanged or mortgaged or sold and for what purposes; and what debts are owing by the parish and what security, if any, has been given; and what money, lands or other property are then owned by the parish.

The vestry shall also furnish a separate statement of the money and property held in trust by or for the parish, which shows: a) the nature and purpose of each trust; b) when and by whom the same was created; c) the names of the beneficiaries; d) the total value of the original trust fund and the amount of the principal at the end of the preceding fiscal year; e) a brief description of the securities in which the same were then invested; f) the rate of interest on each investment and the amount of interest in default, if any; g) the disposition of the income during each year; which statements shall also show whether or not fiduciary bonds required for the funds by canon have been approved and delivered, the surety or sureties, and the principal amount of each bond. (*diocesan Canon 33.2*)

Appendix

**Revised Canon 20 – Diocese of Atlanta**

*Resolved*, that Canon 20 of the funding of the Diocese of Atlanta is changed in full with the new canon to read as follows:

**Of the Funding of the Ministry and Mission of the Diocese of Atlanta**

Section 1. We the people, clergy, and parishes of the Diocese of Atlanta acknowledge our need to give of our time, talent, and treasure for the work of Christ. We further embrace our strong heritage — expressed both in the Bible and in longstanding Tradition — of parishes supporting one another and joining together to accomplish the work of Christ. We acknowledge our responsibility to support the episcopacy and to provide for the mission of the Church. We recognize the tithe as the minimum standard of biblical giving, and we acknowledge the important example our parishes provide to parish members by practicing the tithe. Finally, we feel strongly the bonds we have toward one another as members of the Body of Christ. We therefore desire that funding of the ministry and mission of the Diocese be accomplished fairly and equitably, within a framework that promotes both compassion and accountability. We seek a framework in which no parish will be required to contribute more than a fair share, and no parish will be allowed to contribute less than a fair share. To these ends:

Section 2. Ten percent (a tithe) of the average of the past three years' Net Operating Revenue (as reported on the Annual Parochial Report) shall be the minimum amount each parish shall give in support of the Ministry and Mission Budget of the Diocese. On or before June 15 of each year, the Finance Committee shall give notice to each parish of its ten-percent minimum contribution (based on its Annual Parochial Report data) for the Mission and Ministry Budget of the Diocese for the upcoming year. In the event that a parish has not filed a timely Annual Parochial Report, the Finance Committee shall substitute the most recently filed parochial report for its calculations. Should the parish subsequently file an Annual Parochial Report showing Net Operating Revenues differing from that used in the computation, the Finance Committee shall adjust the required contribution to the Budget of the Diocese, as appropriate.

Section 3. For most parishes, the ten-percent minimum will be an appropriate fair share. For some parishes an appropriate fair-share may be a voluntary contribution of more than ten-percent. Because of extenuating circumstances, a parish may be unable to give the ten-percent minimum and shall be afforded an appeal opportunity as described herein. Not later than August 15, all parishes

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shall acknowledge, in writing to the Director of Finance, their commitment to give ten-percent, more than ten percent, or state their intent to appeal.

Section 4. Any parish believing that, for good cause, it will be unable to give a minimum of ten percent to the Budget of the Diocese may file a written appeal signed by the Rector (or Vicar) and Senior Warden not later than August 15 with an Assessment Appeal Board. The Assessment Appeal Board shall meet with representatives of the parish filing an appeal. The parish will be given an opportunity to request a reduction from the ten-percent minimum contribution for the year in question. The Assessment Appeal Board shall operate pursuant to guidelines and timelines provided by the Executive Board. In making its determination, the Assessment Appeal Board shall consider, among other factors, the parish's current monthly financial report, the level of stewardship training and education in the parish, the nature of the annual stewardship campaign in the parish, any extraordinary circumstances faced by the parish, and other data as considered relevant by the parish and the Assessment Appeal Board. After such review, the Assessment Appeal Board may reduce the percentage of the assessment for that parish for that year or affirm that ten percent is a minimum assessment. Such decision, and the reasons therefore, shall be communicated in writing to the Rector (or Vicar) and Senior Warden, the Bishop, Executive Board, and the Director of Finance of the Diocese. In the event that the Assessment Appeal Board grants a reduction, that Board shall refer the parish to the Commission on Stewardship and the Commission for Congregational Growth and Development. These Commissions will assist the parish leadership in developing a plan to enhance stewardship and enable the parish to increase its giving to the ten-percent minimum.

Section 5. In the event that annual contributions from any parish fall short of the minimum ten-percent or the reduced amount set by the Assessment Appeal Board, at the next Annual Council of the Diocese the cleric and lay delegates of that parish will be denied vote on all matters of business and denied voice regarding matters related to finance or the expenditure of diocesan funds. In addition, such parishes shall not call any assistant or associate clergy, nor fill vacancies for such clergy. In the second successive year of not contributing the fair-share amount, any such parish shall, by operation of this canon, have its status changed to that of an Aided Parish of this Diocese.

Section 6. The Assessment Appeal Board shall consist of three lay and three cleric members. The Executive Board, with the consent of the Bishop, shall appoint these six members of the Assessment Appeal Board for a three year term. Initially, the Executive Board shall establish staggered classes of this board, with two people sitting for a one year term, two people for a two year term, and the final two for a full three year term. Thereafter, the Executive Board shall appoint two members each year to serve a full three year term. The

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Bishop shall appoint annually a convener as a seventh member, who will vote only to break ties. The Executive Board will make a good faith effort to appoint members of the Assessment Appeal Board as follows: two will be appointed from parishes having Net Operating Revenues in the upper one-third of the diocese, two will be appointed from parishes having Net Operating Revenues in the middle one-third of the diocese, and two will be appointed from parishes having Net Operating Revenues in the lower one-third of the diocese. In addition, the Executive Board will make a good faith effort to ensure broad geographical representation on the Assessment Appeal Board.

Section 7. Every congregation in the Diocese shall include in its annual budget the amount of its fair-share contribution (assessment) for the support of the Mission and Ministry Budget of the Diocese. A portion of the annual contribution is to be paid to the Diocese on or before the twentieth day of each month.

Section 8: The Executive Board shall prepare a tentative Diocesan Mission and Ministry Budget and send it to each Vestry. Each Vestry shall, by a date set by the Executive Board, consider the mission and ministry priorities of the Diocese and report recommended changes in the Ministry and Mission Budget to the Executive Board. The Executive Board, in its discretion, may develop additional means of soliciting recommendations from the people and parishes of the Diocese. When the process for receiving such recommendations is ended, the Executive Board, with the assistance of the chairs of Diocesan commissions, committees, and the Diocesan staff, shall develop a Proposed Ministry and Mission Budget that reflects the mission priorities of the Diocese.

Section 9. Council shall consider the Proposed Mission and Ministry Budget, make amendments as desired, and approve and return the resulting Proposed Mission and Ministry Budget to the Executive Board. Using the Proposed Mission and Ministry Budget approved by Council, the Executive Board shall establish and adopt the Mission and Ministry Budget in its final form. Copies of the budget in its final form shall be mailed to all Vestries. The Executive Board shall give direction to and administer the gross amounts budgeted through its various departments. The Treasurer shall make a detailed financial status report for the previous and current year to Council in session.

Section 10. This canon shall take effect on January 1, 2006 in preparation for the 2007 budget year.

### **CANON 33**

#### ***Of the Vestry***

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**Section 1.** The Rector, or Vicar, Church Wardens and Members of the Vestry (called the Vestry) shall administer all the temporal business of the Parish; shall see that all things needful for the public services are provided; shall pay with punctuality, at the intervals agreed, the stipulated salary of the Rector or Vicar and others; shall inform themselves of the orders and times of all offerings required by the Canons of the Diocese and of assessments imposed by the Council, and take measures for the obedient fulfillment and due liquidation of these obligations; and before the close of each fiscal year, if the treasury be deficient, the Vestry shall collect, as far as practicable, by subscription or otherwise, a sum sufficient to liquidate all of the current annual obligations of the Parish.

**Section 2.** The Vestry shall, prior to the Annual Parish Meeting, cause to be written and delivered to the Rector or Vicar or, if there be none, to the Wardens, a full, accurate and faithful statement of the temporal condition of the Parish. This statement (to be designated the Annual Report of the Vestry) shall show, among other things, what money, lands and other property have been received during the year past and from what sources what money has been expended and for what objects, what property has been exchanged or mortgaged or sold and for what purposes and what debts are owing by the Parish and what security, if any, has then owned by the Parish. This Annual <N>Report shall be communicated to the Annual Parish Meeting as provided in Canon 31, Section 8. (e).

The Vestry shall also furnish and read to the Annual Meeting a separate statement of the money and property held in trust by or for the Parish, which shows:

- (a). the nature and purpose of each trust;
- (b). when and by whom the same was created, and the kind of instrument under which it was created;
- (c). the names of the beneficiaries thereof;
- (d). the total value of the original trust fund and the amount of the principal thereof at the end of the preceding fiscal year;
- (e). a brief description of the securities in which the same were then invested;
- (f). the rate of interest on each investment and the amount of interest in default, if any; and
- (g). the disposition of the income there from during such year; which statement shall also show whether or not fiduciary bonds required for such funds by Canon

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have been approved and delivered, the surety or sureties thereon, and the principal amount of each such bond. An exact copy of such separate statement shall be delivered to the Bishop by the Wardens promptly after each Annual Parish Meeting.

**Section 3.** There shall be held at least six regular Vestry meetings in each year. Special meetings of the Vestry may be called by order of the Rector or Vicar, or, in case of vacancy, by the Wardens, at any time deemed expedient; and shall call such meetings when requested, in writing, by a majority of the members of the Vestry, which writing shall declare the object of such meeting.

**Section 4.** Vacancies in the Vestry shall be filled for the unexpired term by a majority of the remaining members of the Vestry at any regular meeting, of which election previous notice shall have been given, in writing, to every member of the Vestry by the Secretary or Clerk.

**Section 5.** The Rector or Vicar shall preside at all meetings of the Vestry and shall be entitled to cast the deciding vote in the case of a tie. If present, the Rector or Vicar may, if desirable, appoint any other member of the Vestry to preside at a meeting of the Vestry, such designee being entitled to cast the deciding vote in the case of a tie. The Rector or Vicar shall be ex officio member of all Committees.

**Section 6.** In case there is no Rector, or Vicar, or in case of absence or inability to act, the Senior Warden, or if absent the Junior Warden, shall preside at all meetings of the Vestry. No meeting of the Vestry shall be valid in which there shall not be present either the Rector, or Vicar, or one Warden, except for the purpose of electing Wardens if there be no Rector, or Vicar, or Wardens.

### **CANON 23**

#### ***Of Church Debt***

**Section 1.** No indebtedness shall be incurred by an Aided Parish without prior approval of the Bishop and the Department of Finance.

**Section 2.** Indebtedness may be incurred by a Parish without the prior approval of the Bishop and the Department of Finance, where the debt service (i.e., annual payments of principal and interest) including debt service for all indebtedness heretofore incurred for current expenses and still existing, does not exceed 20% of the total annual receipts of such Parish during the preceding fiscal year. Short-term indebtedness in excess of the 20% limit may be incurred when there is reasonable expectation that it can be repaid in its entirety out of Parish receipts within the next three (3) years, and budget provision for such

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repayment has been so made. No further indebtedness may be incurred without the approval of the Bishop and Department of Finance.

**Section 3.** The Bishop and the Department of Finance must be notified before any short-term or long-term indebtedness is incurred.

**Section 4.** Providing that, in computing receipts under Section 2 hereof, amounts from or for endowments or from or by bequests, except income there from not specifically designated, and receipts for expenditures other than parochial shall not be included.

**Section 5.** Provided that under any circumstances for which approval is required, it shall be granted only when the payment of all indebtedness shall be provided for in a plan of amortization or other method of payment to be submitted to and approved by the same authority.

### **CANON 24**

#### ***Of the Thanksgiving Day Offering***

**Section 1.** Every minister in charge of any Church in this Diocese shall take a special offering for the Appleton Family Ministries Fund for Children and Youth at Risk on Thanksgiving Day or between the Sundays preceding and following Thanksgiving Day, both inclusive.

**Section 2.** Every such minister shall report annually to the Council as to said offering; and if any be not taken, shall state in the Parochial Report the cause of such omission.

### **CANON 11**

#### ***Of Church Construction***

**Section 1.** There shall be a Commission on Church Architecture and Church Construction appointed annually by the Bishop.

**Section 2.** The governing body of any Parish or Aided Parish or diocesan-owned property shall not erect a new building, or make structural alterations or additions requiring a building permit to any present building on its Church property without first securing the advice of the Commission for such proposed construction. The governing body of any Parish or Aided Parish or diocesan-owned property desiring such construction shall submit, under rules and regulations promulgated by the Commission and approved by the Bishop, the following:

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- (a). Intention to Initiate;
- (b). Schematic Drawings and Specifications;
- (c). Design Development Drawings and Specifications; and
- (d). Such other Plans as shall be required by the Commission.

**Section 3.** After each submission, the Commission will, within thirty (30) days, meet with such Rector, Vicar, Wardens and Vestry as it deems appropriate. If the Commission does not within sixty (60) days after such submission offer its advice, then such submissions shall be taken as approved by the Commission.

**Section 4.** Following construction, as-built drawings and specifications shall be furnished to the Diocese as soon as practicable.

**Section 5.** Should any dispute arise as to the application of this Canon, such dispute shall be referred to the Bishop for resolution.