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# A RESOURCE GUIDE FOR CONGREGATIONS ON GOOD BUSINESS PRACTICES

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## **NOTES ON THIS RESOURCE GUIDE**

This guide was drafted by the Congregational Business Consultants (the Consultants) as an overview of the requirements and resources for sound congregational business and financial practices that have been established for the Episcopal Diocese of Massachusetts (the Diocese). These financial practices are key elements of the “viability” component of the vitality and viability measures that the Diocese asks each congregation to apply to its mission and ministries.

The Guide is intended to assist clergy, officers, vestry, and other congregational leaders in understanding the existence, timing, and basic requirements of the key financial practices required of all congregations. The Guide also identifies resources -- both documents and people -- available to support and assist congregations in meeting financial practices expected of congregations.

The Consultants (see Congregational Business Consultants section for more information) view their work, including the contents of this Guide, as a ministry of good stewardship of God’s gifts. The Consultants encourage anyone involved in church business practices to develop a spiritual understanding of this important ministry, recognizing that our work is more than just dollars and cents. Stewards of God’s resources are performing an essential ministry in the Church.

The Consultants intend this Guide to be a working, growing tool that is updated regularly. Consultants are pleased to receive edits, additions, and comments to Chris Meyer at [cmeyer@diomass.org](mailto:cmeyer@diomass.org).

## **KEY RESOURCES**

A. Perhaps the most important single resource for treasurers and others involved in parish finances is the Manual of Business Methods in Church Affairs, published and maintained by the national church. It contains nine chapters -

1. Financial Management
2. Internal Controls
3. Bookkeeping
4. Taxes and the Episcopal Church
5. Clergy Discretionary Funds
6. Audit Guidelines for Congregations
7. Insurance
8. Parochial Reports
9. Records Management

The Manual, which was substantially updated in 2012, is available at [www.ecusa.anglican.org](http://www.ecusa.anglican.org). Search for it by the title “Manual of Business Methods”.

B. Also the Congregational Business Consultants have prepared a “Model Manual of Financial Policies, Procedures, and Controls.” In addition to serving as a model for parish use, this manual serves as a comprehensive collection of recommended policies and procedures on a wide variety of issues.

The document is available at -

[www.diomass.org/inside/parish\\_clergy\\_support/document\\_library](http://www.diomass.org/inside/parish_clergy_support/document_library)

under the Congregational Business Consultants’ heading.

## ACCOUNTING STANDARDS - SOFTWARE

### General Description:

Every congregation must implement a system under which the income, expenses, and assets of the congregation are tracked. The level of detail and sophistication of the system will depend on the size of the congregation's operations. Nonetheless, the vestry cannot fulfill its obligation to oversee the financial management of the congregation without adequately detailed reporting. There are a number of computer software programs that are designed for, or can be easily adapted for, church accounting.

### Process:

1. Vestry oversees work of treasurer and other financial officers.
2. Treasurer or other financial officers recommend to vestry the purchase of accounting software.
3. Treasurer or other financial officers implement accounting systems.
4. Vestry and (ideally) a finance committee review periodic reports of congregation income and expenses.

### Resources and Documents:

1. Manual of Business Methods in Church Affairs. This publication of the Episcopal Church includes "Financial Management" (Chapter I) and "Bookkeeping" (Chapter III), available on line. (See the Key Resources section at the beginning of this document).
2. Computer Software. Several accounting software packages are available for use by congregations, including QuickBooks (used by about 50% of the parishes in the Diocese – [www.quickbooks.com](http://www.quickbooks.com)), ACS (used by about 25% -[www.acstechologies.com](http://www.acstechologies.com) / 800-736-7425), Quicken, and others.
3. Congregational Business Consultants. The Consultants are available to assist congregations in the establishment or organization of accounts, including assistance in the selection of an appropriate accounting software package. Contact coordinator Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) /617-527-2739.
4. Other Publications. There are numerous publications available for guidance on issues of church accounting. See, e.g., [www.congregationalresources.org](http://www.congregationalresources.org).
5. Church Administration and Finance Manual. A book by Crumroy et al. that contains a wealth of useful information. It is intended for use by Protestant churches, thus, the terminology is not specific to Episcopal parishes. However, they recognize that there are differences in polities, and they attempt to provide help without regard to such details.
6. Business Management in the Local Church. This book, by David Pollack, is available on [amazon.com](http://amazon.com).

## ANNUAL AUDITS

### General Description:

Every congregation is required to perform an annual audit of its previous year's finances (including use of clergy discretionary funds) and to send a copy of the audit report to the diocesan Treasurer's Office, by September 1 for the previous year. This process is intended to ensure that sound financial practices have been followed -- a benefit to both the congregation and the Diocese. Only congregations that have filed current audits normally will be eligible for loans, grants, and calling and/or appointment of new clergy.

Audits may be performed by hired outside accountants, volunteer accountants, or an audit committee. The Diocese recommends that large congregations (average Sunday attendance of 250 or more) engage a Certified Public Accountant. In 2006, Diocesan Council approved simplified audit procedures for congregations with annual expenses under \$200,000 (see Resources and Documents below).

### Process:

1. General Convention approves the canon requiring audits.
2. Diocese provides materials, guides, and guidelines for performing audits.
3. Congregations maintain detailed records of financial transactions during the year.
4. Congregations recruit or hire auditors.
5. Congregations support the audit process with provision of records, histories, bank statements, and other back-up.
6. Auditor performs audit and prepares resulting audit report/letter.
7. Vestry reviews and formally accepts the audit report/letter
8. Congregations forward a copy of the audit report/letter to diocesan Treasurer's Office.
9. Congregations retain copies of all audit reports/letters for 10 years.

### Resources and Documents:

1. "Manual of Business Methods in Church Affairs." Chapter II provides guidelines for internal controls. Chapter VI provides the national guidelines for performing audits. Chapter V provides guidelines for proper use of discretionary funds. (See the Key Resources section at the beginning of this document).
2. "Alternative Audit Procedure Summary." This diocesan guide describes the audit process available to congregations with annual operating expenses under

\$200,000. Contact Steve Pierce (spierce@diomass.org) or Chris Meyer (cmeyer@diomass.org).

3. “Alternative Audit Procedure Annotated Notebook.” This diocesan handbook guides smaller congregations through the alternative audit procedures, providing a detailed checklist and forms. Contact Steve Pierce (spierce@diomass.org) or Chris Meyer (cmeyer@diomass.org).
4. Congregation Self-Assessment Questionnaire. This checklist takes congregations through a process of self-analysis in advance of an alternative audit. Contact Steve Pierce (spierce@diomass.org) or Chris Meyer (cmeyer@diomass.org).
5. Treasurers’ Workshops. The annual Treasurers’ Workshop, usually available at three locations on three Saturdays in the spring, touches on essential audit issues.

#### Uses and Potential Uses of Information:

##### Congregations:

1. Vestry fulfills duty of oversight of finances.
2. Protects clergy and lay leaders against claims of financial mismanagement.
3. Provides vestry with reliable prior years’ financial data for analysis and planning purposes.
4. Only congregations with current, filed audits normally will be eligible for loans, grants, and calling and/or appointment of new clergy.
5. Builds trust and confidence in congregation’s financial management, necessary for pledge campaign and planned giving.

##### Diocese:

Provides the Diocese with confirmation of sound financial practices in its congregations.

## ASSESSMENT PAYMENTS

### General Description:

Diocesan assessments are the principal method by which individual congregations support the mission and ministry of the Diocese and, in turn, of the Episcopal Church. Assessments are calculated under a formula based on a congregation's ordinary expenses. Assessments are payable monthly. Failure to pay assessments can result in notice (up to 1 year in arrears), then loss of voting rights of lay delegates at Diocesan Convention (2 years in arrears), and then conversion of parish to mission status (3 years in arrears).

### Process:

1. Diocesan Council, based on recommendations from the Treasurer's Office, sets the formula and resulting assessments in April for the following year.
2. Each congregation's assessment for the following year is presented in November to the annual Diocesan Convention as an appendix to the proposed budget.
3. Annual Diocesan Convention ratifies the formula, and the resulting assessments.
4. The Treasurer's Office sends out, each spring, a notice to each congregation containing a detailed calculation of the congregation's annual assessment for the next year.
5. Congregations budget for the monthly payment of their assessments.
6. Congregations pay their assessments monthly to the diocesan Treasurer's Office.
7. The Treasurer's Office sends initial statements to congregations in January and, thereafter, quarterly statements showing recorded payments.
8. The Treasurer's Office maintains data on delinquent accounts and investigates non-payments.
9. Diocese imposes canonical penalties for non-compliance. Also, certain benefits -- grants, calling and/or appointment of new clergy, loans -- normally are available only to complying congregations.

### Resources and Documents:

1. "Manual of Business Methods in Church Affairs." Chapter I outlines sound financial practices, such as budgeting, that help to ensure the availability of funds to pay assessments. (See the Key Resources section at the beginning of this document).
2. Quarterly Assessment Statements. Quarterly statements sent from the Treasurer's

Office allow congregations to track payment of assessments and to ensure that all payments have been properly credited.

3. Annual Report to Convention. This report publishes the next year's assessments for each congregation in the Diocese, well in advance of most congregations' budget preparations.
4. Congregational Business Consultants. This diocesan group (see Congregational Business Consultants section) is available to consult on financial problems such as difficulties with the payment of assessments. Contact Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739.
5. Congregational Coaches. Coaches can be deployed to assist on issues of congregational development or operation. For more information, see Congregational Coaches section or contact the Rev. Canon Libby Berman, [lberman@diomass.org](mailto:lberman@diomass.org) / 617-482-4826 ext. 430.
6. Assessment Deferral Policy. Congregations may apply for a deferred payment plan where, due to unforeseen financial circumstances, a congregation is unable to make timely payment. For further information about eligibility and requirements, contact Chris Meyer ([cmeyer@diomass.com](mailto:cmeyer@diomass.com) / 617-527-2739).
7. Congregational Development and Support. Assistance is available through the Congregational Development Team. Contact the Rev. Canon Libby Berman, [lberman@diomass.org](mailto:lberman@diomass.org) / 617-482-4826 ext. 430.

#### Uses and Potential Uses of Information:

1. Bishops' visitations provide an opportunity to note and discuss a congregation's difficulties in making assessment payments.
2. Applications for diocesan benefits -- clergy appointment and/or calling, grants, and loans -- will trigger review of a congregation's status in making assessment payments.



## **BUDGET PROCESS**

### **General Description:**

Every congregation should engage in an annual budget process, assessing the projected income and expected expenses of the congregation. This process is more than a financial exercise: it is an expression of a church's mission and ministry in numbers. The vestry then must periodically assess actual financial results against the month-by-month budget.

### **Process:**

1. Vestry designates a group or person to draft a proposed budget.
2. The budget committee or officer contacts church ministries about proposals for next year's spending.
3. The budget committee or officer works with stewardship and investment leaders to determine projections of income for the next year.
4. The budget is presented to vestry for revisions and approval.
5. The budget is presented to annual meeting for comment.

### **Resources and Documents:**

1. "Manual of Business Methods in Church Affairs." Chapter I provides guidance on financial management of congregations, including the creation and review of a budget. (See the Key Resources section at the beginning of this document).
2. Congregational Business Consultants. The Consultants are available to work with congregations on formulating and implementing budgets. Contact coordinator Chris Meyer (cmeyer@diomass.org / 617-527-2739).
3. Exemplar Budget Presentation. See Appendix A.

### **Uses and Potential Uses of Information:**

1. Budget information provides important benchmarks for assessing year-to-year congregational vitality and viability.
2. The budget is useful with cost control and assessment of a congregation's stewardship effort.

## **BUILDING LOANS (FORMERLY STOKES LOANS)**

### General Description:

The Diocese supports its congregations by providing loans for capital projects involving church buildings. These loans are available in amounts up to \$100,000 or one year's operating revenue (whichever is lower), with higher amounts considered in special circumstances. The loans provide favorable interest rates (currently 5%) and repayment over a 15-year period. Loan applications, supported by adequate plans for use and repayment of the loan, are reviewed by the Diocesan Loan Committee and approved by the Standing Committee.

The Diocese encourages congregations seeking loans over \$100,000 to pursue commercially available lending sources. Also, the Episcopal Church Building Fund offers loans up to \$500,000, as well as consultation on capital projects. Various grants, matching grants, and loans may be available from public and private historic building organizations, including the Massachusetts Historical Commission and Partners for Sacred Places, or from other parishes. All loans creating encumbrances on church property must first be approved by the Standing Committee.

### Process:

1. Congregations determine the need for loans and make application through the Diocesan Loan Committee
2. The Diocesan Loan Committee and Standing Committee review and approve loan and encumbrance applications, including third-party loans.
3. Congregations provide proper documentation, including property mortgages and promissory notes, in support of the loan.
4. The Diocese disburses funds.
5. Congregations monitor use of the funds.
6. Congregations budget for the repayment of the loans.
7. Congregations make monthly repayments to the Diocese.
8. The Treasurer's Office monitors repayment and pursues delinquent congregations.

Resources and Documents:

1. Guide to the Diocesan Review of Acquisition, Sale and Encumbrance of Church Real Estate.” This 17-page publication, available from the Congregational Business Consultants or the Treasurer’s Office, contains information and checklists for any type of encumbrance on church property, such as the security required for a diocesan building loan.
2. Loan Application is available from the Treasurer’s Office. Contact Rick Strout at [rstrout@diomass.org](mailto:rstrout@diomass.org) or 6170482-4826 ext. 554.
3. Canon 18 of the Episcopal Diocese of Massachusetts. This canon sets forth the requirement for selling or encumbering church property. The Diocesan Constitution and Canons are available at [www.diomass.org](http://www.diomass.org).
4. The Episcopal Church Building Fund. [www.ecbf.org](http://www.ecbf.org)

## **BY-LAWS**

### General Description:

The Diocese maintains a model set of parish by-laws (the “DMBL”), which appear on the Diocesan web site. Diocesan Canon 14, Sec. 6, requires that the by-laws of each parish “shall at all times be in substantial compliance” with the DMBL “subject to such variations as the Bishop and Standing Committee may otherwise authorize.”

In 2001 the Diocese reviewed its DMBL and made a significant number of changes. As a result, any parish that has not reviewed its by-laws compared to the DMBL since 2001 to consider the changes made to the DMBL will find that there are a significant number of differences between the parish’s existing by-laws and the new DMBL.

There are two specific by-law provisions that are required by Diocesan Canon 14, Sec. 6:

- (1) The minimum age for voting at a parish meeting must be 16.
- (2) At a parish annual meetings nominations to fill offices or other positions must be accepted from the floor.

Parishes that do not have a term limit for the position of treasurer and/or clerk should be aware that the DMBL recommends a 6 year term limit for each of those positions.

The DMBL also recommends the creation of an assistant treasurer position, which is filled by vote of the vestry, not by vote of a parish meeting. Filling the position is at the discretion of the vestry, so the position may remain empty for periods of time. The assistant treasurer is given a seat and voice on the vestry but not a vote.

Having an assistant treasurer allows the work of the treasurer to be shared, which can be desirable particularly in larger parishes. Also one of the responsibilities of a parish treasurer is to plan for his successor. A chosen successor can serve for a period of time as assistant treasurer to learn about his or her parish’s finances before actually becoming treasurer, thereby providing a smooth transition when the treasurer ceases to serve.

The Standing Committee is presently engaged in a further major revision to the DMBL and hopes to have the new DMBL approved by the end of 2012. Therefore any parish contemplating a review of its by-laws may wish to wait until the new DMBL have been finalized.

### Process

1. Vestry appoints a committee to review the parish by-laws.
2. The committee compares the parish by-laws to the DMBL and prepares a list of proposed amendments. The committee also prepares a list of the differences that will remain between the DMBL and the parish by-laws, assuming they are all adopted.
3. The committee contacts the Standing Committee (via Diocesan Staffer Laura Simons,

617-482-4826 ext. 406), which then assigns a particular member to work with the church on the process and on the draft of the by-laws. That member can provide a “read” as to how the Standing Committee may respond to the differences between the DMBL and the by-laws as the parish would like to have them. Some differences may be negotiable. On many issues expect the Standing Committee to insist on the provisions that appear in the DMBL.

4. The committee submits its recommendations to the Vestry, which approves amendments to be referred to a parish meeting.
5. Various amendments are adopted by a parish meeting. Note that the DMBL provide that by-law amendments must be approved by a 2/3ds vote.
6. The adopted amendments are submitted to the Diocesan Standing Committee for approval. The cover letter should be sent to the attention of Laura Simons, [lsimons@diomass.org](mailto:lsimons@diomass.org) / 617-482-4826 ext. 406, and should state the reasons for any differences between the submitting parish’s by-laws and the DMBL. In addition to the cover letter the parish should provide: (i) a copy of its by-laws prior to amendment; (ii) a version of the by-laws with strike-outs through the text to be deleted and with additions either underlined or colored red; and (iii) a version of the by-laws in final form as they will appear after all the proposed amendments are incorporated and all deleted text removed.
7. If the Standing Committee approves the by-laws as submitted, the by-laws become effective. The Standing Committee may insist upon particular revisions being adopted prior to the by-laws becoming effective, in which cases the revisions will have to be voted upon at a further parish meeting.

## **CLERGY COMPENSATION - GUIDELINES**

### General Description:

The Diocese has established guidelines for the types and amount of compensation -- salary, housing, and benefits -- that must be paid to clergy in the diocese. Payment of fair and reasonable compensation is essential to the long-term welfare and success of a congregation.

### Process:

1. Diocesan Convention, through recommendations from the Compensation and Benefits Committee, establishes the formula for calculating the minimum salaries for clergy, referred to as the Total Clergy Compensation (TCC) Standard, and provides guidelines for benefits. Clergy paid below the guidelines should receive alternative compensation such as extra vacation.
2. Congregations calculate the TCC Standard applicable to their own situations to determine their minimum compensation requirements and to establish the actual TCC based on the standard and additional considerations.
3. Congregations pay salary and benefits in conformity with the TCC Standard and additional considerations.

### Resources and Documents:

1. Compensation and Benefits Committee. This diocesan committee currently is chaired by Jeff Tyrakowski, jeff@ernstandco.com.
2. “Compensation and Benefits Guidelines.” This extensive guide, updated annually, can be found at the appropriate link on [www.diomass.org](http://www.diomass.org). The guidelines contain worksheets for compensation computation, sample letters of agreement, and a model personnel handbook.

## **CLERGY COMPENSATION - TAX EXCLUSIONS**

### **General Description:**

There are three common ways that a parish may structure the compensation paid to clergy so that the benefits are potentially excludable from the clergy's taxable income. Obviously this can provide a significant benefit to the clergy person beyond the actual dollar amount involved.

The principal method of obtaining such favorable tax treatment is the clergy housing allowance under Section 107 of the Internal Revenue Code, which exempts from clergy taxable income: (a) the value of housing provided to clergy, and/or (b) the amount of money paid to clergy to reimburse the clergy for qualifying housing-related expenses.

For example, a parish, which does not have a rectory, agrees to pay its rector \$70,000. Without paying any more, the parish may designate \$15,000 of the total as a housing allowance. As a result only \$55,000 of the \$70,000 received by the rector is taxable income.

For example, a parish with a rectory agrees to pay its rector a \$70,000 salary in addition to providing the rectory, but it is agreed that the rector will pay for utilities, which are estimated to cost \$5,000 annually. The fair rental value of the rectory is not taxable income to the rector. Also, if the parish provides an additional \$5,000 cash payment to the rector and designates it a housing allowance, then the additional \$5,000 is not taxable income to the rector.

A key point is that the IRS requires a housing allowance to be designated by the parish in advance in some official, written manner. Ideally this should be accomplished by a vestry vote, recorded in the minutes, in December for the following calendar year,

Two other common ways of structuring compensation that is exempt from tax are:

- (1) an equity allowance paid directly into a tax exempt retirement vehicle, usually a 403(b) plan, and
- (2) a properly established and administered expense reimbursement plan which can cover a variety of business-related expenses.

With all three of these ways of structuring compensation, careful compliance with all applicable rules is essential to assure achieving the desired tax benefits for the clergy person involved.

### **Resources and Documents**

1. The Church Pension Fund publishes annually: (a) a Tax Guide for Episcopal Ministers that discusses all of these issues in depth, and also (b) a tax manual on Federal Reporting Requirements for Episcopal Churches. The current edition of both these publications is available at its web site [www.cpg.org/forms-and-publications/](http://www.cpg.org/forms-and-publications/)
2. Questions may be directed to either of the editors of these publications: Matthew Chew, 877-305-1414, or Rev. Canon William Geisler, 877-305-1415.

3. The rules relating to a travel and business expense reimbursement plan are set out in the Manual of Business Methods in Church Affairs, Chapter IV: Taxes and the Episcopal Church, pages IV-6 and 7. (See Key Resources Section at the beginning of this document.)

## **CLERGY SEARCHES**

### General Description:

The Diocese supports and oversees the ministry transition process by which congregations call new clergy. Each congregation's discernment during transition is unique, and congregations are encouraged to work with the Diocesan Office for Transition Ministry and Clergy Deployment to help identify and select appropriate clergy.

### Process:

1. Congregations discern the need for clergy, through a clergy departure or the creation of a new clergy position.
2. Congregations inform the Office for Transition Ministry and Clergy Deployment of the need for clergy.
3. Congregations and the Office for Transition Ministry and Clergy Deployment, in concert with the bishops, consult about discernment, self-assessment, identification, and selection of potential candidates, or appointment of clergy by the bishops.
4. The Office for Transition Ministry and Clergy Deployment determines the compliance of the congregation with basic reporting and financial requirements to ensure that new clergy are accepting positions in good order.
5. Congregations discern the gifts for ministry for the clergy sought, often through a self-assessment process leading to a parish profile.
6. Congregations solicit candidate applications from the Office for Transition Ministry and Clergy Deployment, the Office of Transition Ministry of the Episcopal Church, and diocesan publications, as appropriate for each congregation.

### Resources and Documents:

1. Diocesan Office for Transition Ministry and Clergy Deployment. The Rev. Jean Baptiste Ntagengwa is responsible for consulting with congregations in transition. He is a specialist in interim ministry, ministry discernment, recruiting, search, and call. Contact the Rev. Jean Baptiste Ntagengwa at [jbntagengwa@diomass.org](mailto:jbntagengwa@diomass.org) / 617-482-4826 ext. 400.



2. Office of Transition Ministry (OTM). The Office of Transition Ministry of the Episcopal Church offers a Web-based computer matching service designed to match participating clergy, based on their OTM profile, to congregations' needs. [www.episcopalchurch.org/otm](http://www.episcopalchurch.org/otm).
3. Diocesan Publications. Through the Office for Transition Ministry and Clergy Deployment, congregations post available positions in the "F.Y.I." newsletter to clergy and lay leaders, and on the search and call page on the Diocesan Web site, [www.diomass.org](http://www.diomass.org). Contact the Rev. Jean Baptiste Ntagengwa, [jbntagengwa@diomass.org](mailto:jbntagengwa@diomass.org) / 617-482-4826 ext. 400.

## **COLLABORATIVE INITIATIVES WITH OTHER CONGREGATIONS**

### General Description

Congregations should consider opportunities for collaborative initiatives and sharing resources with other congregations relative to ministries and programs, use of information and other technology, equipment and services (e.g., bookkeeping, accounting, group purchasing, etc.).

### Process

1. Assess vitality and viability of existing ministries and programs and potential for new ministries and programs, and determine whether these could benefit and serve greater needs through additional volunteers and resources.
2. Assess utilization and/or need for information and other technology, equipment and services that could be utilized jointly or performed by common vendors.

### Resources and Documents:

1. Congregational Coaches: The Congregational Coaches (see a separate topic) can be valuable in identifying and evaluating ministries and programs where there might be opportunities for collaborative initiatives and sharing volunteers and resources with other congregations to make the programs and ministries more effective.
2. Congregational Business Consultants: The Congregational Business Consultants (see a separate topic) can be valuable in identifying and evaluating need for technology, equipment and services where utilization is limited and/or would be unaffordable for a congregation alone to purchase or support.
3. The Alban Institute - Bookstore, [www.alban.org/bookstore](http://www.alban.org/bookstore). This Web site offers links to publications and online resources for a variety of potential collaborative initiatives.

## **CONGREGATIONAL BUSINESS CONSULTANTS**

### **General Description:**

The purpose of the Consultants is to support congregations in more effective ministry and mission by promoting and assisting their adoption of sound, practical internal controls, accounting guidelines, and business practices that are in accord with church canons. These practices are the essence of the “viability” component of the vitality and viability measures against which each congregation should be evaluating its mission and ministries.

The Consultants are lay and ordained volunteers from congregations within the Diocese, with background and experience in finance, accounting, planning, management, real estate, and the law. Each consultant has access to the full breadth of expertise within the consultant group as a whole. The group meets monthly to report on the progress of individual consulting team assignments, to review and discuss existing business methods and practices, to develop tools and resources to assist congregations in the implementation of sound business practices, and to evaluate progress within congregations in achieving sound business practices in accordance with the Consultants’ goals.

### **Process:**

1. Congregations identify business, financial, or property issues that require outside guidance or consultation.
2. Congregations contact the Consultants’ coordinator to initiate a discussion of their needs.
3. The Consultants’ coordinator deploys consultant or consulting team.
4. Consultant seeks recommendations and resources at monthly Consultants’ meetings.

### **Resources and Documents:**

1. Consultants’ Coordinator. Chris Meyer coordinates the activities of the Consultants, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739.
2. Diocesan Treasurer’s Office. Issues presenting immediate problems, such as suspected financial impropriety, should be addressed to Rick Strout, Chief Business Officer, Treasurer’s Office, [rstrout@diomass.org](mailto:rstrout@diomass.org) / 617-482-4826 ext.554.

## **CONGREGATIONAL COACHES**

### General Description:

The Congregational Coaches provide coaching to congregations to address congregations' structural viability and mission vitality.

Coaches are active lay leaders and clergy who have been trained in counseling and assisting congregations in many areas of congregational life and mission: mission discernment, stewardship, church growth, grants and loans, leadership development, mutual ministry review, group facilitation, strategic planning, facility utilization, and leading vestry retreats. An appropriate coach is identified based on the needs and profile of the requesting congregation. There is a modest fee for the services of a congregational coach.

### Process:

1. Congregations determine the need for assistance in addressing an issue of structural viability or congregational vitality.
2. Congregations contact the Rev. Canon Libby Berman to consult about use of the services of a coach.
3. If a suitable match can be made, a coach is deployed.

### Resources and Documents:

1. Coordinators. Libby Berman is responsible for conferring with congregations about appropriate deployments of coaches. Rev. Canon Libby Berman, lberman@diomass.org / 617-482-4826 ext. 430.
2. “Vitality, Viability and Mutuality: A Covenant and Characteristics for Congregations Growing in Mission.” This statement of principles is a good first tool for discerning the strengths and needs of a congregation in the areas of vitality and viability. It is available on the diocesan Web site, [www.diomass.org](http://www.diomass.org).
3. [www.CongregationalResources.org](http://www.CongregationalResources.org). This Web site offers links to publications and online resources for several categories of issues in congregational life.

## **CONGREGATIONAL AND DEANERY GRANTS**

### **General Description:**

The Diocese offers three categories of grants to congregations and deaneries:

#### 1. **Sending Serving Grants:**

The Diocese of Massachusetts awards Sending Serving grant funds to support domestic and international programs that enhance the outreach ministries of congregations through new or existing programs. These programs support the vitality of congregations, youth, and urban-ethnic-multicultural ministries. Collaborative projects are encouraged. Grant awards must have a matching funds component.

This year deaneries will be able to submit an addendum to initial grant applications. In the case that all of the Sending Serving funds are not expended in the initial round of awards, the left over funds will be available. Applications for addendum funds and/or projects should be included in the initial applications from deaneries. Please indicate which awards are initial requests and which are Addendum Award Requests.

Applications will be accepted up to October 15, 2012, but deaneries are strongly encouraged to apply by June 15, 2012. Applications for addendum funds and projects will be considered after October 15, 2012. Deaneries may apply for up to \$4000. Grants must be verified by a deanery co-convener.

#### 2. **Congregational Development Grants:**

These grants are intended to support and encourage congregational vitality through assisting congregations in the implementation of our Diocesan Mission - Growing Congregations in Mission. The grant program seeks to support congregations in providing projects and programs that deepen and strengthen congregational life, addressing new and expanded programs.

Currently, most grants are for between \$2,000 and \$10,000. However, the grant committee will consider larger requests for appropriate programs. Applications are due in May.

#### 3. **House of Mercy Grants 2012:**

The Diocese of Massachusetts awards House of Mercy grant funds, to support programs and projects that serve women and children in need. This year deaneries will be able to submit an addendum to initial grant applications. In the case that all of the House of Mercy funds are not expended in the initial round of awards, the left over funds will be available. Applications for addendum funds and/or projects should be included in the initial applications from deaneries. Please indicate which awards are initial requests and which are Addendum Award Requests.

Applications for addendum funds and projects will be considered after October 15, 2012.

Deaneries may apply for up to \$2179. Matching funds are not required for this grant.

Resources and Documents:

1. Sending Serving Grants and House of Mercy Grants:

For information and to obtain application forms contact the Rev. Karen Montagno, Director of Congregational Resources and Training, kmontagno@diomass.org / 617-482-4826 ext.413.

2. Congregational Development Grants

For information contact Lynn Smith, lynn@diomass.org / 617-482-4826 ext. 488.

## **INSURANCE COVERAGE**

### General Description:

Title I, Canon 7, of the Canons of the Episcopal Church requires that all congregations maintain property and casualty insurance at minimum limits, which limits are set by Diocesan Council. The Diocese has negotiated with the Church Insurance Company, an affiliate of the Church Pension Group, to offer a package policy tailored to the needs of most congregations. Such coverage is available through the Church Insurance Agency Corporation, owned by the Church Pension Group. Massachusetts law provides caps on the liability of churches themselves, making individuals more likely targets in the event of liability claims. Congregations may need special coverage for the risks associated with rental and use of their property by others.

See also section on Safety Program.

### Process:

1. General Convention and Diocesan Convention set the canonical requirement for insurance.
2. Diocesan Council sets the required minimum limits for insurance.
3. Diocese negotiates with insurance companies for available package policies.
4. Insurance companies offer policies.
5. Congregations apply for policies.
6. Congregations budget for payment of policy premiums.
7. Insurance companies pay valid claims under policies.

### Resources and Documents:

1. The Church Insurance Agency Corporation, Tracy Parent, Customer Service Representative, [tparent@cpg.org](mailto:tparent@cpg.org) / 800-223-6602 x4701; claims: 800-223-5705; Linda Knowlton, Vice President, Client Services, [lknowlton@cpg.org](mailto:lknowlton@cpg.org) / 860-498-1037.
2. The current requirements for insurance coverage are covered in Appendix B to this guide. These coverages are provided by the standard policy of Church Insurance Co.
3. Treasurer's Office. Assistance is available from Rick Strout, [rstrout@diomass.org](mailto:rstrout@diomass.org), 617-482-4826, ext. 554.

## **INVESTMENT MANAGEMENT**

### General Description:

Each parish vestry is responsible for the stewardship and investment of endowment funds and any other amounts held for the long-term benefit of the parish. The vestry may delegate the day-to-day oversight to responsible individuals or to a committee or committees, so long as the vestry receives periodic reports and appropriately oversees the activities of such individuals or committee(s). The greater the size of the funds involved the more careful the vestry must be in choosing individuals or committee members of sufficient investment expertise and experience to handle the investment responsibilities.

For most parishes direct investment in stocks is not feasible, because of the investment expertise required and because of the difficulty of achieving efficient and effective diversification with the average-sized parish endowment. Therefore most parishes should consider investing their endowments in mutual funds (including index funds) or other pooled investment vehicles rather than individual stocks.

One available investment vehicle is the Diocesan Investment Trust (“DIT”), a diocesan organization that manages funds for the Diocese and approximately 150 of the parishes in the Diocese. The DIT operates only two funds, a stock fund and an income fund.

Every parish vestry should establish a general allocation policy for its endowment. For example, for the parishes that have invested their endowments with the DIT, the most common percentage allocation is around 60% to the stock fund and 40% to the income fund, which is the allocation recommended by the DIT trustees for funds invested long term. There is, however, significant variation in the allocation policy among different parishes, so each parish should carefully consider its appropriate risk level.

Further considerations are: (1) any restriction(s) placed upon the managed funds, and (2) any plans by the parish to withdraw amounts on a regular basis.

Parishes with short-term funds (which are generally defined as funds expected to be used within five years) tend to invest such funds more conservatively than long-term funds. Many parishes with short-term funds invest them only in money market funds or in the DIT income fund.

The DIT now makes an automatic rebalancing option available to parish participants. Parishes with funds in both the DIT stock fund and the income fund can specify a percentage allocation (say 60%/40%), and DIT will automatically rebalance the funds on a quarterly basis in order to maintain the allocation. The value of rebalancing comes from maintaining the same allocation targets over long periods of time.

### Process:

1. Vestry establishes a policy, consistent with restrictions placed by donors, for the receipt, investment, and expenditure of endowment funds.
2. Vestry receives regular reports on the management of the congregation’s



- endowment.
3. Investment policies and strategies are reviewed regularly against market conditions and investment goals established by the vestry.

Resources:

1. The DIT Investment Coordinator for the Diocese is available to discuss all of the above issues. Richard Blakney: [rblakney@diomass.com](mailto:rblakney@diomass.com) / 617-482-5800 x557.
2. The DIT website ([www.trusteesofdonations.org](http://www.trusteesofdonations.org)) contains extensive information about the Trustees of Donations, the funds, and the mechanics for investing with the DIT.

## **LONG RANGE/STRATEGIC PLANNING**

### General Description:

Each congregation should engage in a planning process to ensure that it develops effective ministries to carry out its mission, both in the present and for some distance into the future. This process is commonly referred to as long range or strategic planning.

**A congregation should evaluate its mission and ministry in light of its financial capabilities, then implement a strategy to support the long-range plan with good business practices.**

### Process:

1. Congregation receives training for planning.
2. Congregation appoints committee.
3. Committee carries out prayerful assessment of needs.
4. Committee determines objectives, goals, and recommendations.
5. Committee obtains vestry approval.
6. Congregation implements action plans.

### Resources and Documents:

1. Congregational Coaches. The Congregational Coaches, see separate topic, can be valuable in developing the mission and ministry side of a long-range plan.
2. Congregational Business Consultants. The Congregational Business Consultants, see separate topic, can be valuable in developing the business practices and financial side of a long-range plan.
3. Guide to Strategic Planning. The Congregational Business Consultants have prepared a 7page guide, which provides an excellent overview of this process. The guide is available from consultant coordinator, Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617- 527-2739.
4. Another Way: Serious Tools for Transformation. Contact Maria DeCarvalho at 401-378-0205 or [www.byanotherway.com](http://www.byanotherway.com).
5. Holy Conversations. A book and seminar conducted by the Alban Institute. [www.alban.org](http://www.alban.org).
6. “Appreciative Inquiry.” A clergy leadership institute conducted by Dr. Rob Voyle. [www.clergyleadership.com](http://www.clergyleadership.com)
7. Episcopal Church Foundation. Contact Anne Ditzler, Senior Program Director, [Adizler@episcopalfoundation.org](mailto:Adizler@episcopalfoundation.org) / 212-716-6375.

## **MEDICAL INSURANCE PAYMENTS**

### **General Description:**

The Diocese negotiates and oversees a program of health insurance operated by a major health benefit plan, which has been Tufts Health Plan since 2002. The program offers a Point of Service (POS) plan, with outside-network coverage, and an HMO plan, with an extensive provider network. The program, which can include dental and long-term disability coverage at congregations' option, then is made available for participation by all clergy, congregational staff, and diocesan staff who meet minimum employed-hours requirements.

For clergy working three-quarters time, the Diocese mandates that congregations pay for the full premium for HMO coverage (or an amount equal to HMO coverage if the clergy elects POS coverage) for (as applicable) single, two-person, or family health coverage. For clergy working less than three-quarters time, congregations must pay the percentage of premium equivalent to the percentage of hours worked as compared to full time.

For nonclergy parishes must provide fair and equal treatment, which means medical insurance benefits are at the same level as that provided to clergy, for all full time employees (35 hours per week or more). This is mandated by the Massachusetts Health Connector's non-discrimination clause.

### **Process:**

1. Diocesan Council, with the recommendation of the Compensation and Benefits Committee, sets the requirement for the provision of clergy health benefits.
2. The Diocese negotiates with major health benefit companies for group health coverage.
3. The selected health benefit plan offers health benefits packages available to congregations.
4. Congregations elect to participate in a health benefit package.
5. Congregations budget annually for the cost of the health benefits.
6. Congregations pay plan premiums monthly through the diocesan Treasurer's Office.
7. The Treasurer's Office tracks compliance of congregations with payments into the plan, notifies congregations of arrears, and may terminate coverage if significant arrearages persist.
8. Congregations are informed of trends in health benefit costs.

Resources and Documents:

1. Questions should be addressed to Human Resources, [hr@diomass.org](mailto:hr@diomass.org) / 617-482-4826 ext. 578.
2. The Diocese prepares annually a booklet, Clergy Compensation and Benefits Guidelines, which is available online at [www.diomass.org](http://www.diomass.org).

**MEMORIAL FUNDS, RESTRICTED  
FUNDS, AND OTHER SPECIAL FUNDS**

General Description:

The vestry of each congregation is responsible for stewardship of memorial funds, those funds given to churches in the name of a particular person for use outside of the annual operating budget of the congregation. A parish may also receive gifts in other circumstances subject to some restriction or intended for some special purpose outside of the annual operating budget. Such funds can be an important resource to the mission and ministry of a congregation, so they should be protected and nurtured.

Process:

1. Vestry establishes a system/protocol for receiving, maintaining, and soliciting such funds.
2. Vestry may delegate to a committee the investment of such funds.
3. Vestry assigns to the treasurer, or some other appropriate person, the responsibility of keeping records of any applicable restrictions on the use of particular funds, of any particular intended purposes for particular funds, and of all receipts and disbursement to and from such funds.
4. Funds must be audited as part of the annual congregational audit.
5. Vestry decides, consistent with any restrictions or intended purposes, how and when to spend income or principal of such funds.

## OIL-TO-GAS HEATING CONVERSION

### General Description:

Due to the recent drop in gas prices a number of parishes around the Diocese have converted from oil heat to gas heat, and additional parishes are in the process of studying the cost savings that may be available as a result of such a conversion.

Unfortunately a few parishes have encountered unexpected difficulties in the conversion or post-conversion period and a number of such situations have come to the attention of the Diocese. As a result the Diocese is in a position to offer some advice on conversion planning and execution.

### Process:

1. Representatives of the Vestry commence an analysis of whether a conversion to gas heat may benefit the particular parish.
2. If initial analysis suggests the desirability of further consideration, the Vestry makes a decision as to whether or not to retain an architect or engineer, experienced in gas conversions of a size comparable to what the parish is considering.
3. The Vestry obtains bids and picks a contractor to do the conversion.
4. Generally the parishes that have encountered problems underestimated the complexity of the issues involved, decided not to retain an appropriately experienced architect or engineer, and picked a contractor who lacked the experience and commitment to complete the work in a satisfactory manner.

### Resources:

1. Diocesan Coordinator for Parish Support. Steve Pierce has worked with a number of parishes that are involved in the conversion process and that have encountered unanticipated problems. [Spierce@diomass.org](mailto:Spierce@diomass.org) / 617-482-4826 ext. 501.
2. Building Loans (Formerly Stokes Loans). See the discussion of these loans in a prior section. These loans are available to parishes for a wide range of purposes related to parish buildings, including for energy conversion projects and for other projects to improve the efficiency or reduce the cost of energy use.
3. Mass Interfaith Power and Light. Contact Vince Maraventano at 617-244-0755 or [vince@MIPandL.org](mailto:vince@MIPandL.org).

## **PAROCHIAL REPORTS**

### General Description:

Every congregation is required to submit an annual Parochial Report to the Episcopal Church and to the Diocese of Massachusetts, using a 5-page form provided by the Office of the General Convention. This report provides basic data on the liturgical, financial, and demographic status of the congregation. The report must be submitted by May 1 for the year immediately preceding. In turn, the data is used at the diocesan level to set annual assessments, establish clergy compensation standards, analyze congregational health, and in report to Diocesan Convention.

### Process:

1. The Episcopal Church's Office of the General Convention establishes the report form and mails the form to each congregation.
2. Congregations' clergy in charge direct the gathering of data for the report.
3. The Congregational Business Consultants will support and guide completion of the report, as requested.
4. The clergy, treasurer, and then vestry sign off on the completed report.
5. Congregations submit the completed report online at <http://pr.dfms.org> by May 1 (though the Web site accepts reports until September) with a hard copy to the Diocese. Alternatively, they can submit hard copy only to the Diocese by March 1 .
6. Certain benefits (new clergy calling or appointment, grants, loans) are not available to non-compliant congregations.

### Resources and Documents:

1. Manual of Business Methods in Church Affairs. Chapter VIII contains extensive step-by-step instructions for completing the report. (See the Key Resources section at the beginning of this document).
2. Report Form and Workbooks. The package sent annually by the General Convention office contains the required report form, as well as a helpful workbook for guidance in completing the report form.
3. Congregational Business Consultants. This diocesan group offers guidance and resources on how to complete the report form. Requests should be sent to coordinator Chris Meyer ([cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739).

## Uses and Potential Uses of Information:

### Current Uses:

The data assists the church, at national, diocesan, and congregational levels, in its planning for mission.

1. The diocesan Treasurer's Office uses data from the report to establish the diocesan assessment.
2. Data from the report is published in the Journal of Diocesan Convention.
3. The data is reviewed for compliance with Clergy Compensation Guidelines.
4. The data provides background information for bishops' visitations.

### Potential uses:

Diocese and congregation can use the data for assessment of congregational vitality and viability and analysis of diocesan trends.

## **PAYROLL SERVICE**

### **General Description:**

The Manual of Business Methods “strongly” recommends that church payrolls be processed by a professional service. (Chapter II: Internal Controls, p. II-13) The use of a payroll service for paying staff salaries is a good way of relieving church volunteers of the burdens of this complex process and of ensuring proper compliance with a variety of tax requirements including withholding.

Congregations have several options they can pursue. The Church Pension Group contains an Episcopal Payroll Services Group (“EPS”), which provides advice and also which has made arrangements with ADP, a well-known payroll service for small and mid-sized businesses, to provide this service.

Congregations supply ADP with payroll information or can use ADP’s web-based processing system. Parishes should contact EPS directly for further information and to use this service.

As a result of the agreement between EPS and ADP, a parish may be able to obtain payroll services from ADP at lower cost than what the parish has been paying in the past. But ADP’s reduced charges for basic services may be accompanied by a reduction in the support to which a particular parish has been accustomed and by an increase in charges for incidental services.

The Diocese does not recommend any particular payroll service provider. Each parish in picking a payroll provider should carefully consider the balance of costs, services, and support offered by individual providers with a view towards picking the provider best suited to the needs of the particular parish.

### **Process:**

1. Congregations make decision to utilize payroll service or accountant.
2. Congregations contact payroll service or accountant to initiate service.

### **Resources and Documents:**

1. Episcopal Payroll Services Group: Contact Patricia Tucker, [eservices@cpg.org](mailto:eservices@cpg.org) / 800-223-6602 x 6286.
2. Congregational Business Consultants. The Consultants can assist in evaluating payroll needs. Contact coordinator Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739.



## **PENSION FUND PAYMENTS**

### General Description:

All Episcopal clergy are eligible for retirement and disability benefits from the Church Pension Fund. In turn, the Fund is supported by annual pension payments from congregations. Payments are set as a percentage (currently 18%) of the TCC (Total Clergy Compensation) for the congregation's clergy (see Clergy Compensation section). When appropriate, lay employees can be included in the Church Pension Fund plan.

### Process:

1. The Church Pension Fund determines the contribution formula, based on demographics, investment returns, and projected benefits payable.
2. Congregations determine cash stipend and other components of Total Clergy Compensation.
3. Congregations budget annually for pension payments based on the established Total Clergy Compensation.
4. Congregations make quarterly payments to the Church Pension Fund.
5. Diocese notifies congregations of any delinquency in making pension payments.
6. The Church Pension Fund manages funds and pays clergy benefits.

### Resources and Documents:

1. "Manual of Business Methods in Church Affairs." Chapter I outlines the process for proper budgeting and ensuring the availability of funds, including pension contributions. (See the Key Resources section at the beginning of this document).
2. Web site of the Church Pension Fund. [www.cpg.org](http://www.cpg.org).
3. Annual Report of the Church Pension Fund. Mailed to all clergy participating in the Fund.

### Uses and Potential Uses of Information:

The compliance of congregations with pension fund payments makes them eligible for congregational grants and clergy calling or appointment.

## **PROPERTY STEWARDSHIP - PERSONAL PROPERTY**

### General Description:

Personal Property is all property other than real estate, i.e. all property that is not part of, or permanently affixed to a building. For example, a stained glass window or a church organ may be considered personal property.

The Manual of Business Methods provides that parishes should take a physical inventory of property annually. (Chapter III-8). Additionally, parishes should maintain a journal or list of capital asset acquisitions where a capital asset is defined as property costing \$500 or more and having a lifetime expectancy of at least three years. (Chapter III-8).

The Audit Program Checklist in the Manual directs the auditor to look for a “list of fixed assets, showing date of purchase and cost,” for an “inventory identification procedure”, and for evidence that a “physical examination of assets” has been made. (Chapter VI-9).

A parish should assure not only that its personal property is adequately insured, but also that in the event of loss the parish will be able to document the extent of its loss for insurance purposes.

A good inventory control system will include photographs or videos of individual items, supplemented by counts, descriptions, cost information, and/or appraisals where appropriate.

Different types of property raise particular issues:

1. Hymnals, folding chairs, plates, etc.: These are types of property that are not particularly valuable individually but having an overall count is important.
2. Computers: Computers are an example of a type of asset where a picture does little to establish value. Having a description of the hardware inside the box and a record of the purchase price (such as would appear on the invoice for the purchase of the computer) is more important.
3. Stained Glass, Silver, Fine Art: All may require appraisals by experts to establish the quality, condition and value of particular items.

### Resources and Documents:

1. Questions about the documentation needed to support claims for loss of particular types of property may be addressed to The Church Insurance Agency Corporation, 800-223-6602 x 4701 / claims: 800-223-5705; Tracy Parent, Customer Service Representative, tparent@cpg.org; Linda Knowlton, Vice President, Client Services, lknowlton@cpg.org.
2. At the Diocese questions may be addressed to Chris Meyer (cmeyer@diomass.org or 617-527-2739)

## **PROPERTY STEWARDSHIP - REAL ESTATE**

### General Description:

Most congregations are stewards of significant assets in real estate -- church buildings and grounds. These assets can be blessings, burdens, or both. Deferred maintenance of church properties is a significant financial issue for almost all congregations. Ideally, every congregation should perform a periodic capital-needs assessment to determine the long-term, mission-based property needs of the congregation and to determine the maintenance needs of the existing property. Then, the congregation should establish a plan for how to fund the proper maintenance of property under stewardship, including rectories.

Diocesan Canon 18 prohibits the alienation or encumbrance of any church, chapel, parish house, rectory, or any land used in connection with any of those buildings, without the previous written consent of the Diocese.

Parishes should assume that any significant encumbrance of their real estate will require approval by the Standing Committee. For example, any mortgage, no matter how small, on a church, other parish building, or parish land, and most leases of 3 years or longer, will require approval.

### Process:

1. Vestry initiates a capital-needs assessment. This discernment process should be performed in connection with an overall assessment of the congregation's mission and ministry.
2. Vestry initiates a capital-maintenance assessment. The vestry should designate a group to inventory existing assets, assess their condition, and project the cost and timing of needed repairs.
3. Vestry formulates a capital support program. Once a congregation understands its capital and maintenance needs, the vestry should institute a program to sustain the property to be retained, through adequate annual budget expenditures, rental plans, and possible capital funding campaigns.

### Resources and Documents:

1. The Real Estate Advisory Committee of the Standing Committee may be able to provide assistance on particular matters requiring Standing Committee approval. Contact Steve Pierce, [spierce@diomass.com](mailto:spierce@diomass.com) / 617-482-4826 ext.501.
2. Building Needs Assessment and Advice. The Property Committee of the Congregational Business Consultants has formulated a guide to help parishes assess their needs for space and their use of their real estates. Also the Consultants can provide guidance on business issues related to managing a parish's real estate. Contact Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739.

3. Mass. Interfaith Power & Light. This organization performs energy audits of churches and provides access to cooperative energy purchasing. Contact Vince Maraventano (vince@MIPandL.org or 617-244-0755).
4. Diocesan Guide. The Standing Committee has approved a Guide to the Diocesan Review of Acquisition, Sale, and Encumbrance of Church Real Estate, which is available on the Diocesan website, [www.diomass.org](http://www.diomass.org). For answers to questions about the guide or about the approval process contact Steve Pierce in the Diocese's Treasurer's Office, [spierce@diomass.org](mailto:spierce@diomass.org) / 617-482-4826 ext. 501, or consultants' coordinator Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739.
5. Diocesan Resource Days. These annual programs usually include sessions on property stewardship, particularly needs assessments.

## **SAFE CHURCH TRAINING & PARISH POLICIES**

### General Description:

The Diocese offers Safe Church training for adults in an effort to increase the physical, emotional, and spiritual safety of congregations. The training is designed to increase awareness regarding misconduct and abuse of power and boundaries, to outline steps to prevent abuse, and to offer ways to equip congregational leaders to intervene in the event of inappropriate conduct.

All clergy, licensed and canonically resident, are required to take the training, and congregations are encouraged to require training of those in leadership positions, especially those who work with children. Congregations are strongly encouraged to adopt safe church policies.

Training sessions usually occur on a Saturday from 8:30 am to 3:30 pm. They are offered periodically throughout the year in different locations around the Diocese. Clergy-specific refresher training is offered to clergy annually.

In addition to the Saturday training sessions, web-based training is available. Safeguarding Online was developed by the Episcopal Church and the Church Pension Group. The program consists of on-line modules with quizzes. There is also a two-hour in person follow-up designed to strengthen the material provided on-line and to address questions.

### Process:

1. Vestry sees that clergy meet diocesan requirement for training and directs that lay leaders receive training.
2. Clergy and congregational leaders attend and complete the Safe Church training course.
3. Congregation develops safe parish guidelines and promulgates them to leaders and members.

### Resources:

1. Schedule and Contact Information. The Diocesan web page for Safe Church Training is [www.diomass.org/inside/learning/safe\\_church](http://www.diomass.org/inside/learning/safe_church).  
  
This site lists scheduled training events. All questions should be addressed to the diocesan human resources person at [hr@diomass.org](mailto:hr@diomass.org) / 617-282-4826 ext. 578.
2. Model Policies. The Diocese has prepared a set of model policies for parishes to consider. These can be obtained from Human Resources (see above).
3. Registration. Contact Dick Vanderlippe, [rvan@aol.com](mailto:rvan@aol.com) / 617-482-4826 ext. 507.

4. Province I Courses. Safe Church training is also available through courses organized elsewhere in Province I of the Episcopal Church, which comprises the seven dioceses of New England.

## **SAFETY PROGRAM**

### General Description:

The Diocese and the Church Insurance Company offer free risk management consulting to individual congregations. The risk manager provided by the Church Insurance Company consults with churches and conducts walk-through surveys of congregational property and operations, all with an eye toward reducing risks of personal injury and improving safety. The Diocese recommends this procedure.

### Process:

1. Congregations establish a group of staffers and/or leaders to meet with risk manager.
2. Congregations may contact risk manager to set up a survey inspection or they will be contacted by him.
3. Risk manager inspects and surveys.
4. Risk manager provides recommendations to congregations.
5. Congregations adopt and implement recommendations.

### Resources and Documents:

Church Insurance Company Risk Manager. Jeff Mellen, [jmellen929@yahoo.com](mailto:jmellen929@yahoo.com) / 860-836-2853

## **SOLAR PANEL INSTALLATIONS**

### General Description

Two parishes in the Diocese have installed and are presently operating solar projects. At least five other parish are in the process of evaluating such projects. The projects involve the installation of solar panels, usually on the roof of the church, rectory, or other church building, for the purposes of reducing carbon used in supplying energy to the church and deriving financial benefit from a combination of reducing energy costs, from receiving payment for electricity sold into the grid or payment of incentives for development of solar power. Financial benefits are usually quite modest, especially in the first few years.

There are two usual ways of structuring such projects -

1. The Parish owns and operates the solar panel installation. The Parish assumes the risks of ownership, maintenance, and operation.
2. The Parish leases space (for example, an area of the roof of the church) to a third party, which installs, maintains, and operates the project. The Parish receives a benefit from the third party in the form of reduced energy costs or rent.

Such projects can become quite complex. An installation may require major work on the roof of the building where the panels will be installed and may require significant upgrading of that building's electrical system.

Permitting can be a significant issue, particularly if the parish building where the panels will be installed is located in an historic or other special district. Diocesan approval may be required under Diocesan Canon 18. Since the financial viability of these projects is dependent on government subsidy programs, such viability can be affected by changes in these programs.

### Resources

The Diocese is following the parishes that are either operating or planning solar panel projects with a view to being able to provide advice and consultation, as well as a guide through Diocesan approvals. Contact Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739.

## **STEWARDSHIP AND SPECIAL FUNDRAISING**

### General Description:

All congregations should engage in the practice of prayerful and committed stewardship of finances, time and talent. The ideal is a year-round practice of thoughtful and sacrificial giving, as part of a congregation's broader spiritual practices.

There are three main aspects to financial stewardship. First, most congregations execute an annual stewardship drive. Second, congregations often have the need for special capital campaigns to support long-term needs of the congregation, such as maintaining or improving the physical infrastructure of the church or developing an endowment. Third, congregations can increase their financial stability and strength by instituting planned-giving programs, where congregants are asked to remember the needs of the church in estate planning and institutional giving.

### Process:

#### Stewardship

1. Vestry and clergy embrace need for stewardship program.
2. Vestry establishes a Stewardship Committee, fully supported by vestry and clergy.
3. Stewardship Committee establishes a year-round program and pledge campaign.
4. Diocese supports stewardship planning, where requested, through diocesan development officer and coaches.
5. Congregation runs stewardship program aimed at expanding the breadth and depth of committed giving.
6. Stewardship Committee reports results of campaign to vestry in advance of budget process and annual meeting.

#### Capital Campaigns

1. Vestry determines need to raise funds to build, rehabilitate, or expand physical infrastructure, endowments, or major programs.
2. Vestry or its nominee conducts a capital-needs assessment
3. Vestry establishes feasibility committee, sometimes working with consultant, to determine capacity to raise funds.
4. Vestry establishes committee, sometimes working with consultant, to raise funds.
5. Vestry ensures that funds are expended or invested in a manner consistent with the solicitations made for those funds.



## Planned Giving Programs

1. Vestry determines need to fund long-term support of the congregation.
2. Vestry or its nominee, perhaps with input from a consultant, formulates a strategy for implementing program.
3. Vestry appoints committee to manage planned-giving program.
4. Vestry ensures long-term follow-up with participants in planned-giving program.
5. Vestry ensures that funds raised are used in a manner consistent with how those funds were solicited.

### Resources and Documents:

1. Diocesan Director of Congregational Resources and Training. Rev. Karen Montagno, [kmontagno@diomass.org](mailto:kmontagno@diomass.org) / 617-482-2826 ext. 413, is available to consult with congregations on stewardship issues.
2. Diocesan Development Director. Lynd Matt, [lmatt@diomass.org](mailto:lmatt@diomass.org) / 617-482-4826 ext. 515, is available to consult with congregations on capital campaigns, and planned giving programs.
3. Alban Institute. The Alban Institute offers skilled consultants to support stewardship and capital campaigns generally of a larger size. Also, the Alban Institute has numerous publications providing strategies and suggestions for stewardship ministry, capital campaigns, and planned giving programs. [www.alban.org](http://www.alban.org)
4. Congregational Coaches offer coaching to congregations on many aspects of congregational vitality, including stewardship. See Congregational Coaches section for more information.
5. Package Stewardship Models. Many congregations have used prepared packages for stewardship campaigns, providing themes, programs, and literature for a stewardship campaign. These can be accessed through the Diocesan Development Office.
6. Diocesan Resource Days. These annual programs often include sessions on stewardship ministry.
7. TENS Subscription. A free subscription to the newsletter of The Episcopal Network of Stewardship is available to all congregations. Contact Diane Pound, [dianep@diomass.org](mailto:dianep@diomass.org) / 617-482-4826 ext. 349.
8. Episcopal Church Foundation. The foundation has a number of tools for congregations available at [www.episcopalfoundation.org](http://www.episcopalfoundation.org)

## TRAINING IN FINANCES

### General Description:

Congregations rely on lay leadership, reporting to the vestry, to handle the financial affairs of the congregation. Such leaders need initial and follow-up training in order to understand the requirements for good business practices and how to meet those requirements. The Diocese offers several resources for such training and support.

### Process:

1. Congregations elect and appoint lay leaders to be responsible for reporting to the vestry on financial matters and executing vestry financial decisions.
2. Congregations determine the need for such lay leaders to receive training.
3. The Diocese offers various programs and materials for training of leaders.

### Resources and Documents:

1. Congregational Business Practices Workshops. The Diocese offers annual, one-day training for treasurers, assistant treasurers, and finance committees, usually in three sessions each spring.
2. Tips for New Treasurers of Small Parishes. This 13-page handbook offers tips from former treasurers. Contact Chris Meyer, [cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739.
3. Diocesan Resource Days. These annual programs often include sessions on finance.
4. Alban Institute Publications. The Alban Institute offers publications to address many issues of church finance. See: [www.alban.org](http://www.alban.org)
5. Manual on Business Methods for Church Affairs. This Episcopal Church publication is the “bible” of how-to’s for financial matters. The manual has chapters on each of the key elements of financial practices for churches. See, especially, chapters I (financial management), II (internal controls check list), and III (bookkeeping). (See the Key Resources section at the beginning of this document).
6. Congregational Business Consultants. This diocesan group is made up of committed lay and ordained consultants, with experience necessary to consult on issues of church finances. See Congregational Business Consultants section.
7. Diocesan Treasurer’s Office. The Treasurer’s Office is prepared to respond to requests for assistance. In particular, the Treasurer’s Office should be notified immediately of urgent problems (financial crisis, embezzlement, legal issues). Contact Steve Pierce, [spierce@diomass.org](mailto:spierce@diomass.org) / 617-482-4826 ext. 501.

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APPENDIX A

Episcopal church  
Sample Budget Format

	Actual	Budget	Estimated	Proposed
	<u>Prior Year</u>	<u>Current Year</u>	<u>Current Year</u>	<u>Budget New Year</u>
<u>Receipts</u>				
<u>Contributions</u>				
Pledges				
Plate & contributions				
Memorial gifts				
subtotal				
<u>Other income</u>				
Fundraising				
Investment income				
Building rental				
Flower offering				
Grants				
Thrift stores sales				
Other				
Total Receipts		-	-	-
<u>Disbursements</u>				
<u>Clergy Salaries &amp; Benefits</u>				
Salary				
Pension				
Dental insurance				
Medical insurance				
Subtotal		-	-	-
Bookkeeper				
Custodian				
Musicians				
Salaries other				
Payroll taxes				
Subtotal		-	-	-
<u>Administrative Expense</u>				
Office supplies				
Printing & Postage				
Insurance				
Bank charges				

Payroll services			
Subtotal	-	-	-

Equipment

Website			
Internet Access			
Computer Hardware & Software			
Copier lease			
Support Contracts			
Subtotal	-	-	-

Utilities

Church

Electricity			
Phone			
Water			
Gas			
Security			
Clergy cell phone			
Waste			
Pest control			
Subtotal	-	-	-

Building & Grounds Maintenance

Janitorial supplies			
Repairs- Church			
Repairs- Rectory			
Maintenance equipment			
Stokes loan			
Snow removal			
Lawn service			
Subtotal	-	-	-

Programs

Clergy Discretionary Fund contribution			
Music & Choir supplies			
Children Sunday School			
B-Safe			
Youth Ministry			
Adult Ministry			
Coffee hour supplies			
Flowers/Gifts			
Altar supplies			

Church supplies			
Books & literature			
Food			
Subtotal	-	-	-
Outside Parish			
Diocesan Assessment			
Miscellaneous expense			
Seminars			
Outreach			
Advertising			
Special Events			
Subtotal	-	-	-
Total Disbursements	-	-	-
Net Infow/(Outflow)	-	-	-

**Recommended Property &  
Casualty Insurance Coverage and  
Other Important Considerations**  
*(Rev 01/24/13)*

*A Resource for Churches in*  
**The Episcopal Diocese of Massachusetts**

*For more information, please contact:*

Richard Strout  
Chief Business Officer  
Episcopal Diocese of Massachusetts  
138 Tremont Street, Boston, MA 02111  
(617) 482-5800, Ext. 554  
[rstrout@diomass.org](mailto:rstrout@diomass.org)

*Or contact our Diocesan endorsed insurance provider:*

The Church Insurance Agency Corporation

*Lianne Webster, Vice President Client Services*  
(800) 293-3525  
[lwebster@cpg.org](mailto:lwebster@cpg.org)

*Tracey Parent, Customer Service Rep*  
Service (800) 293-3525  
Fax (800) 557-1395  
[tparent@cpg.org](mailto:tparent@cpg.org)

## Recommended Minimums & Important Considerations

*Within the Episcopal Diocese of Massachusetts*

<b>Property Insurance: To protect your tangible assets</b>	
Blanket property limit	Insures you for combined value of your parish's Buildings + Contents. Large pooled limit (\$600+ million) helps eliminate the possibility of being under-insured. Automatically included in endorsed diocesan plan.
"Extended All Risk" coverage grant	Insures against the broadest variety of loss causes. Automatically included in endorsed diocesan plan.
Flood Insurance	Protects against loss by flood and surface water to full amount of blanket Property limit. Automatically included in endorsed diocesan plan.
Earthquake	Protects against loss by earth movement. Available at modest additional cost as an option under new endorsed diocesan plan.
Equipment Breakdown	Protects against explosion of steam pressure vessels and boilers and mechanical breakdown or electrical damage to HVAC, electrical, and electronic equipment. Automatically included in endorsed diocesan plan with coverage to full blanket limit.
Fine Arts	Protects rare and valuable articles, whether part of Building or as Contents. Especially important for stained glass windows, statuary, organs and carillons, tapestries paintings, chalices and valuable metalware. Automatically included in endorsed diocesan plan with \$1 million limit. Optional Fine Arts Floater also available (at additional premium) to protect scheduled articles with declared values.
Business Income & Extra Expense	Protects your revenue stream after insured damage to your property. \$25,000 limit automatically included in endorsed diocesan plan for Business Income and \$50,000 for Extra Expense. Higher limits available (at additional premium) for organizations with special requirements.
Ordinance & Law	Insures against post-loss costs of complying with ordinances or laws governing demolition and removal of undamaged structures and repair/reconstruction to current codes. \$500,000 blanket limit automatically included in endorsed diocesan plan.
Extensions of Coverage	A variety of no-cost enhancements that broaden basic coverage without a deductible. Automatically included in endorsed diocesan plan.

<b>General Liability Insurance: To protect your church, its employees, and volunteers against civil liability for bodily injury, property damage, or personal injury to others</b>	
\$1 million per-occurrence limit	\$1 million in coverage for each occurrence of bodily injury, property damage, or personal injury. Automatically included in endorsed diocesan plan.
Aggregate limit	Maximum policy payout for all occurrences within policy term. Amount varies by type of coverage: \$1 million Products-Completed Operations; \$2 million Sexual Misconduct; \$5 million for all other exposures
Church-related risks	Special protection against liability for specialized exposures including: <ul style="list-style-type: none"> <li>• Pastoral Counseling Liability</li> <li>• Sexual Misconduct Liability</li> <li>• Teachers' Liability</li> <li>• Cemetery Liability</li> </ul> All automatically included in new endorsed diocesan plan.
Medical Payments/Student Accident & Sickness	Enables goodwill payment of others' medical expenses without concession of liability. \$15,000 each person/\$60,000 each occurrence. Automatically included in endorsed diocesan plan.
Employee Benefit Liability	\$1 million in coverage (per claim and annual aggregate) for mistakes in administration of employee benefit plans. Automatically included in endorsed diocesan plan.



## Recommended Minimums & Important Considerations

*Within the Episcopal Diocese of Massachusetts*

<b>Directors' &amp; Officers' Liability insurance:</b> To protect your church, its leaders, employees and volunteers against civil liability for management mistakes or negligent decision-making	
\$1 million limit per claim	\$1 million of protection, including defense costs, for claims based upon acts, errors, omissions, misstatements, misleading statements, neglect, or breach of duty.
\$1 million aggregate limit	Maximum payout for all claims presented within policy term.
Employment Practices Liability	Protection against civil liability for employment-related offenses, including wrongful termination, discrimination, sexual harassment. 12 specific types of offenses automatically included in endorsed diocesan plan.
Broad definition of "Insureds"	Coverage for your church and its past, present, or future: <ul style="list-style-type: none"> <li>• Directors, Officers, Trustees, Vestry, Committee members, and Clergy;</li> <li>• Employees of all tiers</li> <li>• Volunteers</li> </ul> All automatically included in endorsed diocesan plan.
Broad definition of "Claim"	In addition to responding for monetary demands, policy responds for defense of non-monetary claims including administrative actions (EEOC or Commonwealth equivalent), injunctive relief, etc. Automatically included in endorsed diocesan plan.
Option to Control Defense	Your church may participate in selection of defense counsel and ongoing defense of claim, or simply have insurer handle the claim. Automatically included in endorsed diocesan plan.
Self-Insured Retention	Your church bears limited front-end costs, including defense, for each claim. Out-of-pocket exposure- \$500 for Churches & Missions/ \$5,000 for the Diocese.

<b>Hired &amp; Non-Owned Automobile Liability:</b> To protect your church against civil liability arising from employee or volunteer use of rented or personal vehicles in church business	
\$1 million limit each accident	Provides protection against civil liability arising from an automobile accident while on church business
Hired Auto Physical Damage	Covers up to \$40,000 of damage to rental cars used in church business.
Employees and volunteers need own personal insurance	This coverage applies only to the entity. Make sure that any employee or volunteer driving a personal car in church business has adequate personal insurance to cover his/her own liability.

<b>Workers' Compensation &amp; Employer's Liability insurance:</b> To protect your church against responsibility for workplace injuries	
Statutory Workers' Compensation benefits	Provides medical, wage loss, and other benefits for employees as prescribed by Massachusetts and Other States.
\$500,000 Employer's Liability limit	Limit of liability applicable separately to bodily injury by disease and bodily injury by accident (\$500,000 policy aggregate for bodily injury by accident). Automatically included in endorsed diocesan plan.

## Recommended Minimums & Important Considerations

*Within the Episcopal Diocese of Massachusetts*

<b>Umbrella Liability:</b> To protect your church, its leaders, employees, and volunteers against catastrophic civil liability	
Choice of \$1 million, \$4 million, \$10 million or \$20 million per-occurrence limit	Safety net of protection supplementing primary liability insurances outlined in previous sections. Each parish should elect a limit that best protects the assets of the parish against exposure to catastrophic civil liability.
“Following Form” policy	Policy terms and conditions mirror those of underlying (primary) policies for seamless protection.
Required scheduled underlying insurances	Coverage is triggered upon exhaustion of the following primary insurances or satisfaction of equivalent Self-Insured Retentions: <ul style="list-style-type: none"> <li>• Commercial General Liability (including Teachers’ Liability, Pastoral Counseling Liability) - \$1,000,000 each occurrence</li> <li>• Employee Benefit Liability - \$1,000,000 each claim</li> <li>• Sexual Misconduct Liability – capped at \$1,000,000 each occurrence; \$5 million annual policy aggregate</li> <li>• Business Automobile Liability (Owned, Hired or Non-Owned) - \$1,000,000 each occurrence</li> <li>• Directors’ &amp; Officers’ Liability - \$1,000,000 each claim/\$1,000,000 annual aggregate</li> <li>• Employer’s Liability - \$500,000 Bodily Injury by Accident/\$500,000 Bodily Injury by Disease, each employee/\$500,000 Bodily Injury by Disease, policy limit</li> </ul>
\$10,000 Self-Insured Retention	When claim is not covered by primary insurance, this policy is triggered after satisfaction of a \$10,000 Self-Insured Retention.

<b>Crime insurance:</b> To protect your church against loss by employee dishonesty or third-party crime	
\$25,000 Employee Dishonesty limit	Minimum amount of protection required by diocesan canons. Covers money, securities, and other property against loss by dishonesty of employees and volunteers. Increased limits available at modest cost. Common rule of thumb suggests a minimum limit equal to 25% of total annual revenue.
\$25,000 Depositors’ Forgery limit	Insures against loss of money or securities due to alteration or forgery by outside third parties.
\$25,000 Computer Fraud	Insures against theft of money, securities or property by using a computer to transfer covered property from insured’s premises or bank to another person or place.

*The above information represents the type of insurance and the minimum levels of coverage that are recommended by our Diocesan Insurance Task. The Task Force expresses with gratitude the assistance of The Church Insurance Agency Corporation who provided significant assistance and advice in its preparation.*