

# A RESOURCE GUIDE FOR CONGREGATIONS ON GOOD BUSINESS PRACTICES

*Prepared by the Congregational Business Consultants, Episcopal Diocese of Massachusetts  
138 Tremont Street, Boston, MA 02111*



## TABLE OF CONTENTS

<u>Topic</u>	<u>Page</u>
Accounting Standards	3
Annual Audits	4
Assessment Payments	6
Budget Process	8
Building Loans (formerly Stokes Loans)	9
Clergy Compensation	10
Clergy Searches	11
Congregational Business Consultants	12
Congregational Coaches	13
Congregational Development Grants	14
Insurance Coverage (Property, Casualty)	15
Investment Management	16
Long Range Planning	17
Medical Insurance Payments	18
Memorial Funds	19
Parochial Reports	20
Payroll Service	22
Pension Fund Payments	23
Property Stewardship	24
Safe Church Training & Parish Policies	25
Safety Program	26
Financial Stewardship and Special Fundraising	27
Training in Finances/Business Practices	29

## 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. Coming soon are topics on diocesan communications. The Consultants are pleased to receive edits, additions, and comments to Chris Meyer at [cmeyer@diomass.org](mailto:cmeyer@diomass.org) and James Wagner at [jwagner@ckrpf.com](mailto:jwagner@ckrpf.com).

## INDEX OF TOPICS

<b>Topic</b>	<b>Page</b>	<b>Topic</b>	<b>Page</b>
Accounting Standards	3	Investment Management	16
Annual Audits	4	Long Range Planning	17
Assessment Payments	6	Lien and Encumbrance Application Process	24
Budget Process	8	Medical Insurance Payments	18
Building Loans (formerly, Stokes Loans)	9	Memorial Funds	19
Capital Campaigns	27	Parochial Reports	20
Clergy Compensation	10	Payroll Service	22
Clergy Searches	11	Pension Fund Payments	23
Computer Software	3	Planned Giving	28
Congregational Business Consultants	12	Property Stewardship	24
Congregational Coaches	13	Safe Church Training	25
Congregational Development Grants	14	Safety Program	26
Energy Audits	24	Stewardship, Financial	27
<b>Endowment Funds</b>	<b>16, 19</b>	Training in Finances/Business Practices	29
Insurance Coverage, Property, Casualty (See also Medical)	15	Treasurers’ Workshops	5, 29

## ACCOUNTING STANDARDS

### 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). [http://www.ecusa.anglican.org/documents/MANUAL\\_FOR\\_BUSINESS\\_METHODS.PDF](http://www.ecusa.anglican.org/documents/MANUAL_FOR_BUSINESS_METHODS.PDF)
2. Computer Software. Several accounting software packages are available for use by congregations, including ACS ([www.acstechologies.com](http://www.acstechologies.com) / 800-736-7425), QuickBooks, Quicken, and others. For guidance on choosing or buying software, see [www.pchurch.com](http://www.pchurch.com); [www.parsonstech.com](http://www.parsonstech.com); [www.churchsoftware.com](http://www.churchsoftware.com); and [www.greenteekey.com](http://www.greenteekey.com) / 859-263-2959.
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 at [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 \$150,000 (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.  
[http://www.ecusa.anglican.org/documents/MANUAL\\_FOR\\_BUSINESS\\_METHODS.PDF](http://www.ecusa.anglican.org/documents/MANUAL_FOR_BUSINESS_METHODS.PDF)
2. "Alternative Audit Procedure Summary." This diocesan guide describes the audit process available to congregations with annual operating expenses under \$150,000. Contact Stephen Pierce ([spierce@diomass.org](mailto:spierce@diomass.org)) or Chris Meyer ([cmeyer@diomass.org](mailto: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 Stephen 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 Stephen 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.
6. Audit Workshops. These newly instituted workshops train church volunteers on how to perform an audit-committee audit and a simplified-procedure audit.

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, with larger congregations paying proportionately higher rates of assessment. 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.  
[http://www.ecusa.anglican.org/documents/MANUAL\\_FOR\\_BUSINESS\\_METHODS.PDF](http://www.ecusa.anglican.org/documents/MANUAL_FOR_BUSINESS_METHODS.PDF)
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 / 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. Cynthia Hubbard (chubbard@diomass.org / 617-482-4826 x 400) or the Rev. Greg Jacobs (gjacobs@diomass.org / 617-482-4826 x 404).
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 / 617-527-2739).
7. Congregational Development and Support. Assistance is available through the appropriate Suffragan Bishop's Office. Contact the Rev. Cynthia Hubbard (chubbard@diomass.org / 617-482-4826 x 400) or the Rev. Greg Jacobs (gjacobs@diomass.org / 617-482-4826 x 404).

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. [http://www.ecusa.anglican.org/documents/MANUAL\\_FOR\\_BUSINESS\\_METHODS.PDF](http://www.ecusa.anglican.org/documents/MANUAL_FOR_BUSINESS_METHODS.PDF)
2. Congregational Business Consultants. The Consultants are available to work with congregations on formulating and implementing budgets. Contact coordinator Chris Meyer ([cmeyer@diomass.org](mailto:cmeyer@diomass.org) / 617-527-2739).
3. Exemplar Budget Presentation. **[Coming Soon].**

### 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

### 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, with higher amounts considered in special circumstances. The loans provide below-market 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 \$350,000, 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. The Diocese funds the loan program and monitors the availability of funds.
2. Congregations determine the need for loans and make application through the Diocesan Loan Committee (forms described below).
3. The Diocesan Loan Committee and Standing Committee review and approve loan and encumbrance applications, including third-party loans.
4. Congregations provide proper documentation, including property mortgages and promissory notes, in support of the loan.
5. The Diocese disburses funds.
6. Congregations monitor use of the funds.
7. Congregations budget for the repayment of the loans.
8. Congregations make monthly repayments to the Diocese.
9. The Treasurer's Office monitors repayment and pursues delinquent congregations.

### Resources and Documents:

1. "Lien and Encumbrance Application Process." This 10-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. 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).
3. Episcopal Church Building Fund. [www.ecbf.org](http://www.ecbf.org)

## CLERGY COMPENSATION

### 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 Jack Roll (jayroller@verizon.net).
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 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 Congregational Development and Transition Ministry to help identify and select appropriate clergy. Some smaller congregations have utilized a diocesan-provided shortlist of pre-screened candidates for a clergy position.

### 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 Congregational Development and Transition Ministry of the need for clergy.
3. Congregations and the Office for Congregational Development and Transition Ministry, 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 Congregational Development and Transition Ministry 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 Congregational Development and Transition Ministry, the Church Deployment Office of the Episcopal Church, and diocesan publications, as appropriate for each congregation.

### Resources and Documents:

1. Diocesan Office for Congregational Development and Transition Ministry. The Rev. Cynthia Hubbard and the Rev. Gregory Jacobs are responsible for consulting with congregations in transition. They are specialists in interim ministry, ministry discernment, recruiting, search, and call. The Rev. Cynthia Hubbard (chubbard@diomass.org / 617-482-4826 x 400); The Rev. Gregory Jacobs (gjacobs@diomass.org / 617-482-4826 x 404).
2. Church Deployment Office (CDO). The Church Deployment Office of the Episcopal Church offers a Web-based computer matching service designed to match participating clergy, based on their CDO profile, to congregations' needs. [www.episcopalchurch.org/cdo](http://www.episcopalchurch.org/cdo).
3. Diocesan Publications. Through the Office for Congregational Development and Transition Ministry, 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. Cynthia Hubbard (chubbard@diomass.org / 617-482-4826 x 400).

## 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. Consultants are assigned to a particular deanery area, but 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 / 617-527-2739).
2. Diocesan Treasurer’s Office. Issues presenting immediate problems, such as suspected financial impropriety, should be addressed to Stephen Pierce, Chief Financial Officer, Treasurer’s Office (spierce@diomass.org / 617-482-4826 x 501).

## 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, clergy deployment, grants and loans, leadership development, mutual ministry review, group facilitation, conflict resolution, and facility utilization. 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 leader of the Congregational Coaches 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. Cynthia Hubbard and Greg Jacobs are responsible for conferring with congregations about appropriate deployments of coaches. Rev. Cynthia Hubbard (chubbard@diomass.org / 617-482-4826 x 400) or the Rev. Greg Jacobs (gjacobs@diomass.org / 617-482-4826 x 404).
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 DEVELOPMENT GRANTS

### General Description:

The Diocese offers two categories of grants to congregations:

Sending Serving Grants are intended to enhance the outreach ministries of congregations.

Congregational Development Grants are intended to enhance congregational vitality and mission, including through collaborative ministries between congregations.

Currently, most grants are for between \$2,000 and \$10,000. However, the grant committee will consider larger requests for appropriate programs. Contact the Rev. Cynthia Hubbard (chubbard@diomass.org / 617-482-4826 x 400) or the Rev. Gregory Jacobs (gjacobs@diomass.org / 617-482-4826 x 404).

### Resources and Documents:

1. Sending Serving Grants. Information and application available at [www.diomass.org](http://www.diomass.org).
2. Congregational Development Grants. Information and application available at [www.diomass.org](http://www.diomass.org).

## 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:

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.

## INVESTMENT MANAGEMENT

### General Description:

The vestry of each congregation is responsible for the stewardship of endowment funds, amounts held for the long-term benefit of the congregation. The vestry may delegate the day-to-day oversight to responsible individuals or committees, so long as the vestry receives periodic reports on such management.

The level of effort in overseeing endowment funds will depend on the size of the fund and the complexity of the restrictions on use of the funds. Investment of small and medium-sized endowments can be simplified through the use of the Diocesan Investment Trust (DIT), a diocesan organization that manages funds for the Diocese and most congregations. The oversight of a large endowment should be entrusted to a competent committee of individuals, some of whom should be financial professionals, whether or not the funds are invested with the DIT.

### 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 strategies are reviewed regularly against market conditions and investment goals established by the vestry.

### Resources:

Diocesan Investment Trust. See [www.trusteesofdonations.org](http://www.trusteesofdonations.org) for information on the Diocesan Investment Trust, the Trustees of Donations, and the mechanics for investing in the Diocesan Investment Trust.



## LONG RANGE 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 in the future. 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. Congregational Development Officers. Rev. Cynthia Hubbard and Rev. Gregory Jacobs are responsible for consulting with congregations in transition. Revs. Hubbard and Jacobs are specialists in interim ministry, ministry discernment, recruiting, and deployment. Rev. Hubbard: 617-482-4826 x 400; [chubbard@diomass.org](mailto:chubbard@diomass.org); Rev. Jacobs: 617-482-4826 x 404; [gjacobs@diomass.org](mailto:gjacobs@diomass.org).
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. [Adizler@episcopalfoundation.org](mailto:Adizler@episcopalfoundation.org)
8. Hartford Seminary. Contact Dr. Cynthia Woolever. [woolever@hartsem.edu](mailto:woolever@hartsem.edu)
9. Leadership Life and Vocation Counseling. Contact Cary Gray Kelly. [www.discoverycoachinc.com](http://www.discoverycoachinc.com).
10. "Issues and Trends." The Spring 2007 edition of this newsletter, published by the Consortium of Endowed Episcopal Parishes, has some resources for Long Range Planning. [www.endowedparishes.org/index2.cfm](http://www.endowedparishes.org/index2.cfm).

## 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.

The Compensation and Benefits Committee currently is formulating a recommendation on the option for use of Health Savings Accounts.

### 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. "Clergy Compensation and Benefits Guidelines." Available online at [www.diomass.org](http://www.diomass.org).
2. Summary Description of Health Benefit Plan. Available from the diocesan human resources manager, Lynn Clark ([llark@diomass.org](mailto:llark@diomass.org) / 617/482-4826 x. 578).

## MEMORIAL 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. 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 memorial funds.
2. Vestry may delegate to a committee the documentation of maintenance and investment of memorial funds.
3. Vestry or its designee maintains information on restrictions applicable to each memorial fund.
4. Funds must be audited as part of the annual congregational audit.
5. Vestry decides, consistent with any restrictions, how and when to spend income or principal of memorial funds.

## 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 3-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 March 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 to the diocesan Treasurer's Office and post the data to the national Web site (<http://12.0.101.41>) by March 1 (though the Web site accepts reports until September).
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.  
[http://www.ecusa.anglican.org/documents/MANUAL\\_FOR\\_BUSINESS\\_METHODS.PDF](http://www.ecusa.anglican.org/documents/MANUAL_FOR_BUSINESS_METHODS.PDF)
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).
4. Online Forms and Workbooks. Updated forms and workbooks are available at [www.episcopalchurch.org](http://www.episcopalchurch.org).

Uses and Potential Uses of Information:

Current Uses:

1. The data assists the church, at national, diocesan, and congregational levels, in its planning for mission.
2. The diocesan Treasurer's Office uses data from the report to establish the diocesan assessment.
3. Data from the report is published in the Journal of Diocesan Convention.
4. The data is reviewed for compliance with Clergy Compensation Guidelines.
5. 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 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 tax withholding requirements. Congregations have several options they can pursue. The Church Pension Group (see Episcopal Payroll Services Group below) has made arrangements with Paychex, a well-known payroll service for small and mid-sized businesses, to provide this service. Congregations supply Paychex with payroll information or can use Paychex's Preview software program. Alternatively, congregations can contract directly with Paychex, or with another commercial payroll service of their choosing, or with an independent accountant.

### 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: 800-223-6602 x 6236.
2. Paychex. [www.paychex.com](http://www.paychex.com)
3. 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 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. [http://www.ecusa.anglican.org/documents/MANUAL\\_FOR\\_BUSINESS\\_METHODS.PDF](http://www.ecusa.anglican.org/documents/MANUAL_FOR_BUSINESS_METHODS.PDF)
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

### 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.

### 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. Diocesan Property Committee. This committee provides advice and counsel on how to address and maintain capital resources. Committee members will visit congregations to assist in the evaluation of church buildings. Contact chair Jeffrey W. Brown, AIA (jeffreywbrown@comcast.net / 617-744-1668).
2. Building Needs Assessment. The Property Committee has formulated a questionnaire for the assessment of property assets.
3. Mass. Interfaith Power & Light. This organization performs energy audits of churches and provides access to cooperative energy purchasing. Contact Tom Nutt-Powell (nuttpowell@aol.com / 617-277-6181).
4. Diocesan Policy on Approval of Long-Term Leases. Most leases of church property for periods three years or longer require approval of the Standing Committee. Contact Lois Murphey in the Office of Convention and Council (loism@diomass.org / 617-482-4826 x. 406).
5. Lien and Encumbrance Application Process. All loans involving a lien on church property must be approved by the Standing Committee, utilizing this 10-page guide and form. Contact Stephen Pierce in the diocesan Treasurer's Office (spierce@diomass.org / 617-482-4826 x. 501) or consultants coordinator Chris Meyer (cmeyer@diomass.org / 617-527-2739).
6. Congregational Business Consultants. The Consultants can provide guidance on business issues related to property management. Contact coordinator Chris Meyer (cmeyer@diomass.org / 617-527-2739).
7. 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 is offered regularly throughout the Diocese. Refresher training is offered to clergy annually.

### 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. Diocesan Safe Church Training Schedule and Registration. [www.diomass.org](http://www.diomass.org).
2. 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. [www.safechurchnetwork.org](http://www.safechurchnetwork.org).
3. The Episcopal Church is expected to provide some Safe Church training on the Web in the near future.
4. Model Policies. See [www.diomass.org](http://www.diomass.org).

## 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 surveys of congregational property and operations, all with an eye toward improving safety. The Diocese hopes to survey all congregations over a five-year period.

### 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:

1. Church Insurance Company Risk Manager. Bob Howard (bbhoward1@verizon.net / 508-398-2995)

## FINANCIAL STEWARDSHIP AND SPECIAL FUNDRAISING

### General Description:

All congregations should engage in the practice of prayerful and committed financial stewardship. While most congregations execute an annual stewardship drive, the ideal is a year-round practice of thoughtful and sacrificial giving, as part of a congregation's broader spiritual practices.

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. Also, 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 Development Officer. The diocesan development officer is available to consult with congregations on stewardship, capital campaigns, and planned giving programs.
2. Alban Institute. The Alban Institute offers skilled consultants to support (generally, larger) stewardship and capital campaigns. 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)
3. Congregational Coaches offer coaching to congregations on many aspects of congregational vitality, including stewardship. See Congregational Coaches section for more information.
4. 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.
5. Diocesan Resource Days. These annual programs often include sessions on stewardship ministry.
6. TENS Subscription. A free subscription to the newsletter of The Episcopal Network of Stewardship is available to all congregations. Contact Bishop Bud Cederholm's office ([dpound@diomass.org](mailto:dpound@diomass.org) / 617-482-4826 x 349).
7. Episcopal Church Foundation. The foundation has a number of tools for congregations. [www.episcopalfoundation.org](http://www.episcopalfoundation.org)
8. Province I Conference. The seven New England dioceses of Province I sponsor a well-regarded annual conference on stewardship, evangelism, and congregational development. [www.province1.org](http://www.province1.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. Treasurers' 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 / 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. [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).  
[http://www.ecusa.anglican.org/documents/MANUAL\\_FOR\\_BUSINESS\\_METHODS.PDF](http://www.ecusa.anglican.org/documents/MANUAL_FOR_BUSINESS_METHODS.PDF)
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 Stephen Pierce (spierce@diomass.org / 617-482-4826 x. 501).