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B

Web Roadmap to Resources

The Episcopal Diocese of Kentucky

Web Road Map to Resources
Congregational Leadership Conference

www.episcopalky.org

This resource is meant to help church leaders navigate the diocesan website (www.episcopalky.org) to find the resources that are available. In this document, a roadmap will be given to find the following documents:

- ♦ Parochial Report
- ♦ Church Leadership Report
- ♦ Pension & Health Benefit Information
- ♦ Mission Funding Information and Forms
- ♦ Financial Review Documents
- ♦ Manual of Business Methods in Church Affairs
- ♦ 2024 Federal Reporting Requirements for Episcopal Churches
- ♦ 2024 Clergy Tax Guide
- ♦ Church Finance Today
- ♦ Safe Church Safe Communities Training

PAROCHIAL REPORT CHURCH LEADERSHIP REPORT

1. Visit www.episcopalky.org.
2. Under the CHURCH ADMINISTRATION tab, select PAROCHIAL REPORTS or CONGREGATIONAL LEADERSHIP REPORTS.

PENSION & HEALTH BENEFIT INFORMATION MISSION FUNDING INFORMATION & FORMS

1. Visit www.episcopalky.org.
2. Under the CHURCH ADMINISTRATION tab, select PENSION & HEALTH BENEFITS or MISSION FUNDING.

CHURCH FINANCIAL REVIEW INFORMATION

1. Visit www.episcopalky.org.
2. Under the CHURCH ADMINISTRATION tab, select FINANCIAL REVIEW GUIDELINES.
3. Select the document you want.

MANUAL OF BUSINESS METHODS IN CHURCH AFFAIRS
2024 FEDERAL REPORTING REQUIREMENTS FOR EPISCOPAL CHURCHES 2024 CLERGY TAX GUIDE

1. Visitwww.episcopalky.org.
2. Under the CHURCH ADMINISTRATION tab, select FINANCIAL PUBLICATION & RESOURCES.
3. Select the document you want.

CHURCH FINANCE TODAY

1. Visit www.episcopalky.org.
2. Under the CHURCH ADMINISTRATION tab, select FINANCIAL PUBLICATION & RESOURCES.
3. Under the Quick Links sidebar, select CHURCH FINANCE TODAY

SAFE CHURCH SAFE COMMUNITIES TRAINING (Formerly Safeguarding God's Children)

1. Visit www.episcopalky.org.
2. Under the CLERGY & CHURCH tab, select SAFE CHURCH SAFE COMMUNITIES TRAINING.

The Episcopal Diocese of Kentucky

Newsletter Submission

1. Write the copy for your submission exactly as you'd like for it to appear in the newsletter.
   - send images in jpeg format
   - copy is best sent in the body of an email, as a word document, or as a google doc

2. Email your submission to Katie@episcopalky.org by the first Tuesday of the month.
   - Newsletter is published on the first Thursday of the month.

C

Structure of the Church

Congregational Leadership Conference

"Episcopal Church Polity 101"

Presenter:
Hamp Moore
Chancellor

Why does TEC need a formal church government structure?

- 1,800,000 baptized members (2015)
- 109 Dioceses and three regional areas (2014)
- 17 countries (2014)
- 6,500 Parishes and Missions (2015)
- Nearly 300 active bishops (2014)
- Approximately 7,200 full time clergy (2015)
- Province of The Anglican Communion
  - 44 regional and national autonomous churches
  - 80,000,000 members in approximately 170 countries

What is Church Polity?

- Webster's dictionary includes: a specific form of church government
- One of our sister churches says it is "the cloth which binds the churches together in a denomination" (UCC)
- Polity is the manner in which a denomination governs and administers its life and relationships among the individuals, churches and groups within it (UCC)

Three Forms of Church Polity

- 1. Episcopal – bishop as overseer / hierarchical
- 2. Congregational – house church / no external authority
- 3. Presbyterian – council of elders / shared authority
- Episcopal Church polity combines Episcopal and Presbyterian forms of government

TEC Governance – Historic Foundations

- TEC founded in 1780's after American Revolution
- Church of England required loyalty to the British Crown
- Founders of TEC "accomplished a task of heroic proportions and one for which there were few, if any, ecclesiastical precedents" (White, Dykman)
- TEC Constitution founded on premise that those who are to be governed by ecclesiastical laws have the right to participate in their formulation (White, Dykman)

TEC Governance – History Making Development

- Historic Breakthrough: Significant involvement of laity in governing the Church
- "Without the order of laity permanently making a part of our assemblies, it were much to be apprehended that laymen would never be brought to submit to any of our ecclesiastical laws." (Wm. White, <u>Memoirs of Protestant Episcopal Church,</u> 1820)
- Many will say this is the signal achievement of the formation of this new church
- Raised the bar for church governance throughout Christianity over the next 200 years

Three Tiers of Church Government

- Top Tier: The General Convention
- Next Level: Dioceses
- Bottom Tier: Individual Parishes

- All Tiers are governed by the Constitution and Canons of The Episcopal Church
- Dioceses also have constitutions and canons, but all must accede to, and are subordinate to, TEC Constitution and Canons

Declaration of Conformity

- All Episcopal clergy - including bishops -- take an oath at ordination
  - "I solemnly declare that I do believe the Holy Scriptures of the Old and New Testaments to be the Word of God, and to contain all things necessary to salvation; and I do solemnly engage to conform to the doctrine, discipline, and worship of The Episcopal Church" (BCP, pp. 513, 526, 538).

The General Convention

- Highest authority in the Church
- Holds legal supremacy over all other levels of church government
- Keeps and exercises power in a highly centralized form of government
- It can delegate authority to other levels of government which are subordinate to it (e.g., dioceses, parishes)

The General Convention

Structure

- Two Chambers: House of Deputies (clergy and lay in equal representation) and House of Bishops
- House of Deputies is senior house
- House of Bishops initially could not create legislation, only revise, reject or approve
- Both Houses must approve all legislation in exactly the same form
- This includes amendments to TEC Constitution and any changes to TEC Canons
- General Convention meets once every three years

House of Deputies

- House of Deputies is senior house and it elects its own president (clergy or lay) for a 3 year term
- Up to four clergy and four lay deputies are elected by each diocese
- Each diocese entitled to same number of deputies, regardless of size of diocese
- Deputies are not representatives of their dioceses, but vote their consciences

House of Deputies: Vote by Orders

- Some matters require, but all may be voted on, by separate but concurring votes of the two orders
- In a vote by orders, a measure must be approved by a majority vote in both the clergy and the lay order
- To pass in lay order: measure must receive 3 or 4 yes votes
- If the lay deputation splits and votes 2 yes and 2 no, the measure is defeated in that deputation and constitutes a 'no' vote
- The same rules apply to the clergy deputies of a given deputation

House of Deputies: Vote by Orders

- For a measure to pass in the House of Deputies on a Vote by Orders:
  - Each diocese has one clergy order vote and one lay order vote
  - The measure must be approved by a majority vote of the clergy and lay orders
  - Example: if there are 110 lay deputations and 54 vote 'yes', 46 vote 'no' and 10 are split, the measure fails in the lay order

House of Bishops

- House of Bishops is headed by Presiding Bishop
- Presiding Bishop is elected by House of Bishops and consented to by House of Deputies
- PB has a 9 year term
- PB is also administrative head of TEC and Primate for purposes of Anglican Communion
- All bishops -- active or retired -- are entitled to vote in the House of Bishops

General Convention: Powers

- Only General Convention can revise the Book of Common Prayer
- Only General Convention can amend TEC Constitution (requires the affirmative vote of two successive conventions and notice to dioceses)
- It adopts a budget for TEC for the next 3 years ("triennium")
- Sets rules for clergy ordination and discipline
- It may establish an ultimate Court of Appeals on Doctrine, Faith or Worship, but has never done so

General Convention: Powers

- There are no courts which are charged with interpreting TEC constitution and canons
- The only courts that exist have been formed to deal with clergy discipline
- General Convention is "the ultimate hierarchical legislative and juridical authority" (R. Royce, affidavit 2008)
- General Convention "possesses unlimited legislative authority and is the highest authority for questions of Doctrine, Discipline and Worship of TEC." (R. Wright, affidavit, 2008)

General Convention: Powers

- It has established business practices which are binding on church entities, including dioceses and parishes
- New dioceses can be formed only with the consent of General Convention
- New dioceses must agree in writing to accede to TEC constitution and canons
- A diocese can not withdraw from TEC without General Convention action (official and majority view)

TEC's Corporate Status

- The Episcopal Church is a voluntary unincorporated association headquartered in New York
- It has a 501(c)(3) church/non-profit tax designation which is an umbrella designation and can be used by all TEC-related or controlled entities (e.g., dioceses, parishes)
- TEC controls a non-profit corporation, The Domestic and Foreign Missionary Society, which owns much of the property and assets of the church

Dioceses: Structure

- A diocese is a regional, geographically-defined unit of governance which is subordinate to the General Convention
- Each Diocese elects its own bishop, subject to consent of other bishops with jurisdiction and diocesan standing committees
- It is governed by its bishop and a legislature, often referred to as a "convention" or "synod"
- Each diocesan convention adopts and amends its own constitution and canons provided, that such constitution and canons do not conflict with TEC constitution and canons

Dioceses: Convention

- The diocesan convention or synod consists of all clergy canonically resident in the diocese
- And delegates elected or appointed from the parishes and missions of the diocese, usually based on size
- The diocesan convention
  - Elects clergy and lay members of the standing committee/ council
  - Usually elects or consents to the appointment of members of the diocesan clergy disciplinary board
  - Approves the budget of the diocese
  - Elects the bishop of the diocese
  - May amend diocesan constitution and canons

Dioceses: Bishops

- The ecclesiastical authority of a diocese is its elected bishop
- The bishop is the temporal and spiritual head of the diocese
- The bishop is part of the historic, apostolic succession
- The election must be consented to by a majority of diocesan Standing Committees and bishops with jurisdiction
- Subject to canonical restrictions, a diocese may elect one or more suffragen or assisting bishops or a bishop co-adjutor who will become the next diocesan bishop when the current bishop retires

Dioceses: Standing Committee

- Each diocese is also governed by a standing committee of clergy and lay persons
- The standing committee
  - acts as a council of advice to the bishop and shares some governance responsibilities
  - acts as the ecclesiastical authority in the absence of a bishop
  - recommends persons for ordination
  - must approve alienation and encumbrance of real property owned by a parish

Dioceses: Executive Council

- Most dioceses also have elected Executive Councils
- Councils tend to deal with real property ownership, asset holding and management and programming
- Often councils are set up as non-profit corporations

Dioceses: Corporate Entities

- Many dioceses have non-profit corporate entities which they control with respect to owning property and other assets
- All such non-profit corporate entities must also accede to TEC and diocesan constitution and canons

Parishes and Missions

- The lowest level of governance is an individual parish or congregation
- All parishes must accede to the constitution and canons of TEC and the diocese
- Parishes may not alienate or encumber real property without diocesan approval
- The rector is responsible for worship, spiritual and temporal affairs of the parish
- The rector controls the building used by the parish
- Business and financial affairs are controlled by the vestry
- The vestry calls the rector, subject to approval of the diocesan bishop
- The rector presides at vestry meetings

Parishes

- A parish may be admitted to a diocese only by action of the diocesan convention
- A parish may withdraw from the diocese only with the consent of the diocese (majority view)
- Persons who leave the diocese may not take real property with them under any circumstances (majority view)
- Parish members elect the vestry
- Parish members do not approve the budget of the parish
- A pastoral relationship between the rector and the vestry can not be terminated by either party, only by a dissolution negotiated by the bishop

Parishes: Corporate Status

- Many dioceses permit parishes to incorporate as non-profit corporations
- Diocese must approve articles of incorporation and amendments
- As such, parishes may own their own real property
- As such, the diocese may be shielded from liability for parish obligations
- Any such civil/secular entity is subject to TEC and diocesan constitution and canons
- In some dioceses, parishes are unincorporated associations but still may own their own property
- The parish may not alienate or encumber its property without the consent of the bishop and standing committee of the diocese

Governance: Provinces

- There are 9 provinces which are primarily networks for ministry cooperation
- Province IX consists of non-USA dioceses
- Each province elects one clergy and one lay person to serve on the TEC executive council
- Each province establishes a court of review for appeal of clergy disciplinary matters from a diocese within the province

Governance: Executive Council

- The Executive Council is composed of the Presiding Bishop, President of the House of Deputies and members elected by the Provinces and by General Convention
- It is charged with carrying out the mission of the church between General Conventions
- It is bound by the triennial budget approved by the General Convention

Governance: CCAB

- There are several committees, commissions, agencies and boards that work during the triennium between General Conventions to further the ministry of the church.
- Members are appointed by the President of the House of Deputies and the Presiding Bishop; some appointments are confirmed by General Convention
- Most CCAB report to the Executive Council and General Convention and often recommend legislation or constitution or canonical changes

Keep On Trekking…

- The 2015 General Convention reduced the number of standing commissions to two:
  - Liturgy and Music
  - Structure, Governance, Constitution and Canons
  - Almost all the other commissions became task forces which likely run for 3 years at a time
- It is examining the very structures you have just become experts on… and who knows what the polity of the church will look like in a few years!

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- Thank you to the following:

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  - D. Holmes, A Brief History of the Episcopal Church, 1993
  - M. Kostel and D. Beers, Appellants Brief, Quincy vs. TEC, 2014
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The Episcopal Diocese of Kentucky

Structure of the Episcopal Church, the Diocese of Kentucky, and its Parishes and Missions

Congregational Leadership Conference

OBJECTIVE

Within the time allotted, registrants should become familiar with the structure of the Episcopal Church and the place within the Church of the Diocese of Kentucky and each of its parishes and missions. This segment will refer to the principal governing documents for each organization: the Constitution and Canons of Church and the Charter and Canons of Diocese of Kentucky.

I. STRUCTURE OF THE EPISCOPAL CHURCH. SO, WHAT IS THE EPISCOPAL CHURCH?

A. The Church is its Members. The Book of Common Prayer provides that Holy Baptism is the full initiation by water and the Holy Spirit into Christ's Body in the Church.

1. All persons who have received the Sacrament of Holy Baptism with water in the name of the Father, and of the Son, and of the Holy Spirit, whether in an Episcopal Church or in another Christian Church and whose baptisms have been duly recorded in an Episcopal Church, are "members" of the Episcopal Church. GC Canon I.17.1(a). Members of 16 years of age and over are "adult members". GC Canon 17.1.1(b). The GC Canons I.17.2 and 3 are more specific.

2. Non discrimination. "No one shall be denied rights, status or access to an equal place in the life, worship, and governance of this Church because of race, color, ethnic origin, national origin, marital status, sex, sexual orientation, disabilities or age, except as otherwise specified by Canons." GC Canons I.17.5 and III.2.

B. The Church is a General Convention. The Constitution establishes a General Convention as its governing body. The General Convention is composed of a House of Bishops and a House of Deputies.

1. The General Convention meets not less than once every three years and may hold special meetings as called. Const. Art. I.7; GC Canons I.1.4 and I.1.3. When in session, it, *inter alia*, adopts a tri-annual budget, elects (once every three years) a Presiding Bishop, considers and may adopt proposed amendments to the Constitution and Canons, and takes other actions (such as statements on social issues) through the adoption of Resolutions.

The House of Bishops is composed of more than 300 Bishops. Const. Art. I.2, including the 8th Bishop of Kentucky, Terry Allen White, and the 6th Bishop of Kentucky, David Reed. The Presiding Bishop, Katherine Jefferts Schori, is President of the House of Bishops.

The House of Deputies is composed of Clerical and Lay Deputies elected to represent the 99 domestic Dioceses and 10 overseas area Missions including Convocation of the American Churches in Europe which have been admitted to union with the General Convention. Const. Art. I.4; GC Canon 1.1.4. Each Diocese is represented in the House of Deputies by four clergy deputies and four lay deputies. The deputies from the Diocese of Kentucky are elected by the Diocesan Convention.

C. The Church is a Corporation. The Episcopal Church performs its temporal acts through a New York corporation, "The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America" incorporated in New York in 1821. This corporation, whose federal tax identification number 13-5562208, is recognized for federal and state income tax purposes as a "central organization holding a group exemption letter, whose subordinate units covered by the group exemption" are exempt from income taxation and reporting and are included as having contributions by their donors deductible from the donors' income taxes, even though the subordinate units are not separately listed with the IRS. "Subordinate units" include dioceses, parishes and missions, and subsidiary entities which are "in communion with the Church".

D. The Church is its Ministers. GC Canon III.1.3 recognizes four orders of ministry, one lay and three ordained.

1. Ministers of the Laity.

   a. All baptized persons are called to ministry in Christ's name to serve the Church's mission. GC Canon III.1.1.

   b. GC Canons III.4.1 through III.4.9 authorize licensure of lay persons as Pastoral Leaders, Worship Leaders, Preachers, Eucharistic Visitors, Evangelists and Catechists.

2. The Diaconate.

   a. Deacons serve under and are accountable to the Bishop or Ecclesiastical Authority. GC Canons III.7.1.

3. The Priesthood.

   a. Engagements of Priests. GC Canon III.9

      (i) Calling to serve as a Rector in a Parish. GC Canon III.9.3(a). Only a Parish Vestry can call a Rector, <u>but</u> vestry must give diocesan Bishop not less than 60 days to "communicate" with the vestry before a call, GC Canon III.9.3(a), a candidate for Rector may not be called from another diocese until Letters Dimissory from the former diocese have been accepted in the new diocese, GC Canon III.9.4(b), <u>and</u> the Bishop has issued a license to the priest to minister in the diocese. GC Canon III.9.6(a).

      (ii) Priests-in-Charge. Appointed by Bishop in consultation with vestry or bishop's committee when there is no Rector or Vicar. GC Canon III.9.3(b). Once installed, a Priest-in-Charge shall exercise the duties prescribed for a Rector subject to the authority of the Bishop.

      (iii) Assistants in Parishes. Assistant ministers are selected by the Rector and report to the Rector but become employees of the parish corporation. GC Canon III.9.3(c).

4. Specific Duties of Rectors and Priests-in-Charge. GC Canon III.9.5.

   a. They have full authority w/r/t conduct of worship and spiritual jurisdiction of parish subject to BCP, Constitution and GC Canons, diocesan Canons and pastoral directions of the Bishop. GC Canon III.9.5(a)(1). They have authority to exclude worship functions by others. GC Canons III.9.6(b and c).

b. Entitled to use and control of parish buildings and "appurtenances" and access to all records and registers maintained by or on behalf of congregation. GC Canon III.9.5(a)(2).

(i) See BCP service for Celebration of New Ministry, pp. 557 – 565, *esp.* p. 562.

c. Instruct w/r/t doctrine, discipline and worship of the Church. GC Canons III.9.5(b)(1 – 5).

d. Rector's discretionary fund. GC Canon III.9.5(b)(6).

e. Read and communicate Pastoral Letters and Position Papers to congregation. GC Canon III.9.5(b)(7 and 8).

f. Maintain Parish Register. GC Canon III.9.5(c).

g. Release, Removal and Reconciliation with vestry provided for in GC Canons III.9.6(d) and III.9.7 to III.9.13. Each of these situations involves the Bishop.

II. STRUCTURE OF THE DIOCESE OF KENTUCKY. WHAT IS THE DIOCESE OF KENTUCKY?

A. It is the geographical portion of the Church located in the Western half of Kentucky (Ky. Canon 2), which "accedes to and recognizes itself as subject to the Constitution and Canons of the Protestant Episcopal Church in the United States of America, as presently adopted and as hereafter amended by the General Conventions" of the Church. Ky. Canon 1. In ecclesial history, the Diocese is the only local unit of the Episcopal Church and it has 30+ local locations, called congregations.

1. The membership of the Diocese consists of all Baptized Lay persons enrolled in congregations of the Diocese and all Bishops and Clergy of the Church who are canonically resident in the Diocese. Ky. Canon 3.2.

B. It is a Convention composed of Clergy and Lay Deputies who are elected by their congregations. It meets at least annually. Ky. Canon 4.1

1. The Bishop of Kentucky is, *ex officio*, the President of the Convention and the Presiding Officer of the Convention, when in attendance and not entering into debate. Ky. Canons 4.1 and 7.1.

a. The composition, from time to time, and meetings of the Convention are provided for in Ky. Canons 4, 5, 6 and 8.

b. All clergy canonically resident in diocese are deputies to Convention.

c. Each parish, mission and recognized ecclesial community which is in communion with the Diocese elects from one to five lay deputies to Convention depending upon its number of adult member communicants in good standing. Ky. Canon 4.3.

d. The Convention adopts an annual budget for operation of the Diocese, amends Canons governing the temporal affairs of the Diocese and each of its parishes, missions, etc., and may adopt guidance in the form of Resolutions for mission and ministry.

C. It is a corporation. The property of the Diocese is held by, and during the recess of the Convention the temporal affairs of the Diocese are conducted in the name of, a Kentucky religious, non-profit corporation created by its Charter, or articles of incorporation, of record in the Office of the Secretary of State of Kentucky and named "The Protestant Episcopal Diocese of Kentucky, Inc.". Ky. Canon 3.1. A copy of the current Charter of the diocesan corporation is found in the 2017 *Journal* at pages D36 to D39 and through a link on the diocesan website.

1. The corporation's powers are, however, limited by the provisions of the Constitution and Canons of the Church and the Canons of the Diocese. Ky. Charter Art. IV.4.

2. The corporation is managed by its board of directors, which is named Trustees and Council ("T&C" in this outline). Ky. Charter Art. V.1; Ky. Canons 17.1, 17.5 and 17.6.

a. T&C is composed of the Bishop as President, the Secretary of the Diocese, the Treasurer of the Diocese, the Chancellor of the Diocese, six (6) Lay adult member communicants in good standing elected by the Convention for three year staggered terms, six (6) Presbyters elected by the Convention for staggered three year terms, one Lay youth between 14 and 18 nominated by the Bishop and confirmed by T&C, up to three (3) other Lay persons nominated by the Bishop and confirmed by T&C, and one (1) Deacon nominated by the Bishop and confirmed by the Convention. Ky. Charter Art. V.2; Ky. Canon 17.1. Elected members of T&C may serve two consecutive terms, in addition to unexpired terms, but then may not be reelected until at least one year has elapsed. Ky. Canon 17.2.

b. T&C prepares and submits to the Convention for approval a unified, annual budget for the operation of the Diocese and the Diocesan office, and to promote existing and new ventures in mission and ministry in the diocese, the nation and the world. Ky. Canon 16. The largest part of the revenues for each such budget is comprised of pledges from each Parish, Mission and Congregation of the Diocese.

CI. STRUCTURE OF PARISHES AND CONGREGATIONS. CONGREGATIONS "IN UNION WITH THE DIOCESE OF KENTUCKY" CONSIST OF PARISHES, AIDED PARISHES, ORGANIZED MISSIONS AND ECCLESIAL COMMUNITIES.

A. The Establishment of new Parishes and Congregations, which can include missions and "ecclesial communities", is left to the several diocesan conventions, as well as their "boundaries". GC Canons I.13.1(a) and I.13.3. Christ Church Cathedral is considered for most purposes as a parish. St. Luke's Chapel at the Episcopal Church Home in Louisville is an example of an ecclesial community.

B. Admission of Parishes into Convention. The recognition of a congregation as a Parish in union with the Convention is provided for in Ky. Canon 19.

1. A congregation is required to prove that it has sufficient members and will be, and will remain, financially self supporting as a condition to being admitted to the diocesan convention as a Parish. Ky. Canons 19.2 and 19.3.

2. Ky. Canon 19.1 provides that each parish shall be organized as a religious corporation, without members, under Kentucky's religious, non-stock, non-profit corporation statutes, KRS 273.160 to KRS 273.401 and 273.600 to 273.645.

3. A Parish desiring reception into union with the diocesan convention must show that its articles of incorporation provide that the Parish is bound by the Constitution and Canons of the Church and the Canons of the Diocese and will adhere to the "doctrine, discipline and worship of the Church and the Church in the Diocese". Ky. Canon 19.1.

C. Parishes are authorized to own their real and personal property in the corporation's name, but included, *inter alia*, in the doctrine and discipline of the Church are the "Dennis Canons". GC Canons I.7.4 and II.6.4 provide that all real and personal property of the parish is subject to a trust in favor of the Church and the Diocese. GC Canons I.7.3 and II.6.2 and 3 provide that no part of the real property may be sold or alienated without the prior written consent of the Bishop and the Standing Committee of the Diocese. Ky. Canon 23.6 restates this provision. GC Canon II.6.4 provides that no consecreated church or chapel may be removed or altered for common use without the previous consent of the Standing Committee of the Diocese. Ky. Canon 15.7 goes further to restrict vestries from incurring large amounts of debt without the approval of the Bishop and either the Standing Committee or the Finance Committee of the Diocese.

D. Parishes may not amend their articles of incorporation or file amendments with the state without first receiving prior written approval of the amendments from the Bishop and either the Chancellor or the Vice Chancellor. Ky. Canon 23.6.

E. Parishes are required to adopt bylaws for internal governance. Such bylaws are to be discussed with the Canon to the Ordinary and reviewed by either the Chancellor or the Vice Chancellor. Diocesan Policy Manual V.D.

F. Upon failure to meet parish, or aided parish, criteria, a parish ceases to exist as a parish of the Diocese, but may continue as a mission congregation, and the parish's real and personal property is to revert to the Diocese. Ky. Canons 19.4, 19A.2(d) and 19A.3(c).

G. Merger and Consolidation of congregations is provided for by Ky. Canon 20. Ky. Canon 22.3 allows for a transition composition of the Vestry of a Parish following a merger or consolidation.

H. Aided Parishes. The diocesan Convention may establish a congregation as an aided parish as an intermediate status between the status as an organized mission and a parish based upon its ability to pay at least 75% but less than 100% of its budget from its own resources for not more than five years. Ky. Canon 19A.

I. Organized Missions and Ecclesial communities.

1. A congregation may be recognized by the Bishop as either a Mission or as an Ecclesial Community. Ky. Canon 18.1.

2. A mission congregation becomes an Organized Mission or Ecclesial Community with right to representation in the diocesan convention when: it has 10 or more adult confirmed lay members; the members accede to the Constitution and Canons of the Church and the Canons of the Diocese; it has sufficient financial support; and, it is recognized by the Standing Committee. Ky. Canon 18.2.

3. Upon recognition, the Bishop names the Congregation, is nominally its Rector and appoints, and reappoints annually, a Warden and a Bishop's Committee and a Vicar or Priest-in-Charge. When so organized the Secretary of the Diocese enrolls the Congregation in the Convention with one lay deputy vote. Thereupon the mission or ecclesial community is expected to "sustain its own life, make provision for regular worship, and to participate in diocesan life". Ky. Canons 18.3 and 18.4. Ky. Canon 18.3 directs the Bishop's Committee to "perform the duties of a Vestry". (See below).

4. Mission congregations are unincorporated associations of their members. Title to all real and personal property of Missions shall held be in the name of the Diocese, even such property which has been originally purchased in the name of the congregation. Ky. Canon 18.7.

5. Parishes may establish "parochial missions", subject to separate provisions for organization and governance. Ky. Canon 18.5.

IV. MANAGEMENT OF PARISHES AND VESTRIES.

A. The GC Canons leave the number, mode of selection and term of office for members of vestries to diocesan Canons and state law. GC Canon I.14.1. The Vestry of each Parish in the Diocese of Kentucky shall consist of not less than 3 nor more than 21 "communicants in good standing" over the age of 16 in the Parish who are elected by the "communicants in good standing" of the congregation of the Parish at annual meetings of the congregation. Ky. Canons 22.1, 21.1 and 21.2. The congregation may reserve one-year seats on the vestry for persons between 16 and 18. Absent specific provisions in the articles of incorporation or by-laws of the parish providing for one year terms, vestry members serve staggered, three year terms and are not eligible for a second elected term until at least one year has elapsed after they have completed an elected term. Ky. Canon 22.1. In the event of vacancies, the remaining members of a Vestry may elect successors to serve out unexpired terms. Ky. Canon 22.1. Vestry members who fail to serve may be replaced by the remaining members. Ky. Canon 22.2(b).

1. Each year, the Vestry shall hold an organization meeting following the election of new members at which they shall elect, out of their number, a Senior Warden, a Junior Warden and a Secretary, and they shall elect a Treasurer who need not be an elected member of the Vestry. Ky. Canon 22.2(a).

   a. The duties of the Vestry member elected as its Secretary are set forth in Ky. Canon 23.4.

   b. The duties of the Treasurer of the Parish are set forth in Ky. Canons 23.5 and 15.5.

B. Pursuant to GC Canon I.17.8, Wardens, Secretaries, Treasurers and other persons who accept the responsibilities as officers of parish vestries are obligated to perform their duties in accordance with the Constitution and Canons of the Church and of the Diocese.

C. The Rector of the Parish is an *ex officio* member of the Vestry, with a vote, and serves as its Presiding Officer. GC Canon I.14.3 and Ky. Canon 23.3. In the absence of the Rector, or when the Rector has entered into debate on a motion, the Senior Warden, or in her absence the Junior Warden, shall preside, or in the absence of both, the Vestry may appoint a presiding officer *pro tempore*. Ky. Canon 23.3. The Rector may call special meetings of the Vestry upon "reasonable notice. Ky. Canon 23.3

1. The calling of a Rector is referred to in Ky. Canon 23.2 and detailed in GC Canon III.9.3(a). The dissolution of the pastoral connection between a Parish and its Rector is described in Ky. Canon 24 and in GC Canon III.12.
2. Compensation of Rectors and other clergy in a parish is described in Part II of the Diocesan Policy Manual which can be found at www.episcopalky.org/about-us/policy-manual-appendices.html.

D. Specific Role of Vestry members.

1. The vestry of every Parish serves as the agent and legal representative of the Parish in all matters concerning its corporate property and the relations of the Parish to its Clergy. GC Canon I.14.2.
2. Ky. Canon 23.1 goes further to provide that the Vestry has a duty to provide for and regulate the temporal, or business, affairs of the parish in accordance with Ky. Canon 15 (Business Methods, see below), to "cooperate with" the Rector for the promotion of the spiritual welfare of the Congregation, and to raise and pay promptly the money stipulated for the congregation's Ministers or clergy in charge.

E. Business Methods in Church Affairs. Previous sections of this outline identify "specific" roles of rectors and priests-in-charge (Sect. I.4) and of vestries (above). GC Canon I.7.1 sets forth uniform business and financial requirements for all Church entities, including parishes and missions. Ky. Canon 15 restates the provisions of the General Canon and goes further to require two signatures on every check or other instrument of transfer of funds over $300.00, except for clergy discretionary accounts. All Wardens and Treasurers should be know the specifics of, and, if needed, assist their ministers and employees (if any) to comply with, all of these regulations and duties. The Church office in New York publishes a "Manual of Business Methods in Church Affairs" which can be downloaded from the Diocese's website at http://www.episcopalky.org/resources-for-church-finance-management.html.

F. Civil Law. The Kentucky religious corporation laws, found in KRS c. 273, provide supplemental organizational guidance for Vestries, *to wit*: under civil law the Vestry serves in the capacity of the board of directors of the parish corporation, with the associated fiduciary responsibilities and standards of conduct provided therein for boards of directors. KRS 273.207 to 273.223, KRS 273.377, and 273.600 to 273.645. The Parish's Articles of Incorporation may provide for limitations on the liability of Vestry members, serving as members of its board of directors. KRS 273.248. Federal civil law provides immunity from suits for all volunteers (i.e., not paid employees such as Rectors or office staff) acting within the scope of the volunteer's responsibilities for the parish, except when operating a motor vehicle, engaging in gross negligence or acting in violation of law. 42 U.S.C. 14501 to 14505. *All such supplemental authority from the civil law is subject to compliance with the Constitution and Canons of the Church and the Canons of the Diocese. GC Canon I.17.8.*

V. FINANCIAL SUPPORT OF THE MINISTRY OF THE CHURCH.

A. The General Convention of the Church adopts at each triennial meeting a general convention expense budget, including an assessment formula upon each Diocese to fund the budget. GC Canon I.8. Each diocese in union with the General Convention is billed annually for its portion of the resulting budget.

B. The Diocese of Kentucky operates with a unified budget to cover the expenses of the Episcopate and the diocesan office, and to promote existing and new ventures in mission and ministry in the diocese, the nation and the world. Ky. Canon 16.1. Each annual budget is proposed by T&C to the diocesan Convention and is subject to approval by the diocesan Convention. Ky. Canons 16.1 and 16.2. To support the diocesan budget, each Parish, organized mission and other ecclesial community is assessed a minimum of 13% of its canonical income. Any congregation may increase that percentage amount by vote of its vestry or bishop's committee.

VI. RIGHTS AND REGULATIONS RESPECTING THE LAITY.

A. As noted above (part I.A of this outline), GC Canons I.17.1, I.17.2 and I.17.3 define the laity of the Episcopal Church as members of parishes or congregations. Rectors, or other clergy in charge of parishes and missions, are required to maintain accurate parish registers, and to submit them to the Bishop for inspection during every visitation. Ky. Canon 28.2.

B. Ky. Canons 21.2 and 3.2 limit the members of the congregation who can vote at meetings of a Parish to those adults whose membership (baptisms, confirmations, receptions and reaffirmations) are enrolled in the Parish register and who, in addition, "have in some way contributed to the support of the Parish". See Ky. Canon 27.2. These voters, once calculated and reported in parochial reports, are qualified to be elected as lay deputies to the diocesan Convention and their number in each parish determines the number of lay deputies the parish may seat in the Convention. Ky. Canon 4.3.

C. Lay members may move their "certificates of membership" from one Parish to another. GC Canon I.17.4. Any member of one congregation who has attended another congregation, or intends to attend another congregation, for one year or more shall cause his or her certificate of membership, or "letter of transfer", to move from the former congregation to the new congregation. Ky. Canon 27.2. Any enrolled member who, through no fault of his or her own can not obtain a certificate of membership from a former parish or mission may still have his or her membership status recorded in a new parish or mission. GC Canon I.17.4(c). Communicants of the other Churches of the Anglican Communion and of the Evangelical Lutheran Church in America (and the Old Catholic Churches of the union of Utrecht, the Philippine Independent Church and the Mar Thoma Syrian Church of Malabar) may be recognized as members and communicants of parishes and missions in the Episcopal Church, GC Canons I.17.4(d) and I.20, "so far as the same may be made applicable".

D. Duty to live Christian Life. "It is the duty of every member of this Diocese to live in harmony with the responsibilities of that member's Baptism and to be faithful in working, praying and giving for the spread of the Kingdom of God. It is the duty of every member to live in the daily exercise of worship." Ky. Canon 27.1. "It shall be the duty of every communicant of a parish to attend the services and to support financially and otherwise, according to such communicant's ability, the work of the Congregation, Diocese, and work outside the Church as will contribute to the spread of the Kingdom of God". Ky. Canon 27.2.

D

The Work and Function of the Vestry

The Episcopal Diocese of Kentucky

Work & Function of Vestries
Congregational Leadership Conference

"Try to balance idealism and realism. Be sensitive to others. Rely on prayer. God has a purpose for you and for your parish. You cannot accomplish it alone. God's grace is always sufficient but God calls us and empowers us to respond intelligently and effectively. As with so many things in life, there is usually a relationship between the investment you make and the return you receive."

-The Vestry Handbook, Christopher Webber

I. SPIRITUAL LEADERSHIP

- Prayer & scriptural reflection
- Outward focused
- Seeks reconciliation
- Practices sacrifice & responsibility
- Builds trust
- "Do not be afraid"

II. HEALTHY COMMUNICATION

- Personal emotional health - the vestry cannot spend time and energy managing emotions
- No Triangulation - use direct lines of communication
- Complain upstream - address issues with those who can help problem solve
- Non-anxious presence

III. EFFECTIVE PRACTICES

- Listen, listen, listen
- Introduce new ideas, educate, listen, reflect
- Formation - Information - discussion - decision
- Transparency
- Training and orientation
- Say thanks!

IV. RESPONSIBILITIES

- Finances & Stewardship
- Buildings & Grounds
- Spiritual Vitality
- Commitment
- Vision, Values, Mission
- Decision making
- Know canons, bylaws, and policy

Notes on Congregational Leadership

Culled from "Beyond Business As Usual"

8 PRINCIPLES OF LEADERSHIP

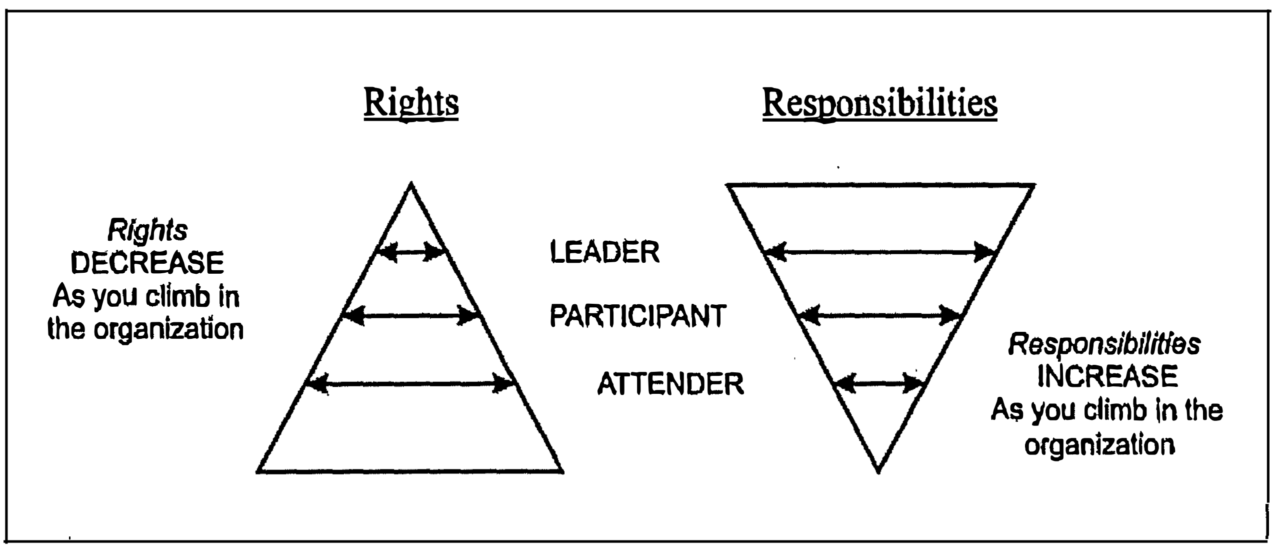
Relationship between Rights & Responsibilities
Never throw gasoline on a fire
Avoid triangulation
Complain upstream
Healthy community allows for ministry
Growth comes from developing leaders
Weakest/Strongest Link
Future more exciting than past

"THINK DIFFERENT"

Effective leaders ask questions; effective leaders exercise commitment. They think differently. A reflected life. More leadership means more time in reflective thinking and prayer. Effective leaders are responsible to and for others and spend time earning trust. Effective leaders know that transactional leadership needs to shift to transformational leadership.

4 COMPONENTS OF LEADERSHIP THINKING:

Define current reality.
Account for what is happening. Know the story.
Know where organization is headed.
Make plans, hold people accountable, bless the people.



HELPFUL REFERENCES:

Beyond Business As Usual: Vestry Leadership Development, Neal O. Michell The Vestry Handbook, Christopher Webber Doing Holy Business: The Best of Vestry Papers, Lindsay Hardin Freeman, ed.

Why Organizations Fail

From John P. Kotter, Leading Change (Boston: Harvard Business School Press, 1996).
Included in "Beyond Business As Usual"

ERROR #1: ALLOWING TOO MUCH COMPLACENCY.
In Other Words: Establish a sense of urgency.

- Identify crises, potential crises, or major opportunities that can create urgency
- Balance between "gloom and doom" and "we're doing just great."

ERROR #2: FAILING TO CREATE A SUFFICIENTLY POWERFUL GUIDING COALITION.
In Other Words: Create a team that works together.

- Identify and establish a group with enough influence, confidence, capability, and expertise to lead the change effort, inspire trust, and function well as a team.
- Distinguish between "characters" and "leaders."

ELEMENTS OF A VISION

- Provides a future picture of the organization
- Appeals to long-term interests of stakeholders
- Is clear enough to guide decision-making
- Is general enough to permit individual initiative
- Is easy to communicate

ERROR #3: UNDERESTIMATING THE POWER OF VISION.
In Other Words: Develop a strong and compelling vision.

- Do you have a vision that people will sacrifice for?
- Vision unites, plans divide.

ERROR #4: UNDERCOMMUNICATING THE VISION BY A FACTOR OF 10 (OR 100 OR EVEN 1,000).
In Other Words: Communicate the vision of change.

- Use every method possible to communicate — continually.
- Leadership must model the expected behavior.

VISION COMMUNICATIONS PRINCIPLES

- Use metaphors, analogies, and examples
- Tell stories
- Use different forums to communicate vision
- Lead by example
- Listen and be listened to
- Address seeming inconsistencies between vision and actions
- Repeat, repeat, repeat

ERROR #5: PERMITTING OBSTACLES TO DERAIL THE NEW VISION.
In Other Words: Empower positive action.

- Empower people to implement the vision by removing obstacles to its implementation.

ERROR #6: FAILING TO CREATE SHORT-TERM WINS.
In Other Words: Start with short-term wins before you attempt bigger risks.

- Plan specifically to create visible improvements or wins within six to eighteen months of launch.
- Provide public recognition and rewards to those who have participated in the wins.

EMPOWERMENT PRINCIPLES

- Restructure whenever necessary to remove structural barriers
- Provide skills training necessary to implement the vision
- Align performance evaluation, compensation decisions, promotions, and recruiting and hiring systems
- Encourage risk-taking and non-traditional ideas, activities, and actions
- Confront those in authority who undercut the change that is needed

ERROR #7: DECLARING VICTORY TOO SOON.

In Other Words: Consolidate change and produce more change.

- Use the increased credibility derived from earlier changes to drive deeper change.

ERROR #8: NEGLECTING TO ANCHOR CHANGE IN THE CORPORATE CULTURE.

In Other Words: These changes mustn't be based simply on the leader's personality.

- Anchor change (new goals, attitudes, behavior) in the culture of the organization (i.e., its social norms and shared values). Consequences of Failing to Lead Healthy Change
- New strategies aren't implemented well.
- Acquisitions don't achieve expected synergies.
- Reengineering takes too long and costs too much.
- Downsizing doesn't get costs under control.
- Quality programs don't deliver hoped-for results.

Intro to Congregational Size Dynamics

From "Beyond Business As Usual"

Leadership needs to know the dynamics of congregational size. Churches in between sizes will find themselves uncomfortable as they transition. Each has particular characteristics of the role of leadership, congregational life, and church growth. It is very difficult to move to a larger size, and easy to return to a smaller size. Be careful not to apply larger church characteristics than your size needs. You will find yourself 'overorganized.' (ASA = Average Sunday Attendance)

The original study of church size dynamics comes from Arlin Rothauge and Kevin Martin.

FAMILY-SIZE CHURCH | 3-75 ASA |
usually in smaller towns, one or two extended families as members who are center of influence; strength is it's intimacy; weakness is low expectations; finances are often an issue.

Congregation life: 'everybody knows everybody'; few formal structures; best to adopt one major mission or outreach project

Leadership: ordained person is not the real leader, but a chaplain providing pastoral care; decisions made by long-standing members; vestry defers to matriarch or patriarch and will reverse itself to please m/p; 2-8 leaders; success = 'keeping the doors open'; clergy must consult with m/p behind scenes to be effective

Growth: newcomer invited to fellowship and introduced to m/p; must feel accepted by ongoing members

PASTORAL-SIZE CHURCH | 76-140 ASA |
Pastor is leader; single cell; all recognize each other, notice newcomers; intimacy, sense of belonging and family

CL highly relational; worship service is primary; strength = stability, people feel cared for, if property well-maintained this can be sustained; individuals can rise in leadership; equal access to pastor; weakness = predictability; generic and small programs; don't expect challenging music program; youth group will be a bible study; "what did we do last year?"; budget stays the same; leaders are tired; can easily become ingrown; Must have identifiable mission and outreach project that unifies congregation, limiting other endeavors; can't compete with larger neighbors, so it should do it's thing with excellence. "do small things well."

L priest is center of activities; gives opinion on all details; prays before gatherings; primary evangelist; 8-25 leaders; tempted to organize as larger church; vestry = unpaid staff; if vestry only makes decisions and doesn't work, pastor will be overworked and church will never transition.

G dependent on energy of the pastor; if newcomers don't get connected with others, they will leave when pastor leaves. Must incorporate new members beyond Sunday worship. Caution: plan for long-term ministries rather than trying new things and not following through.

TRANSITIONAL-SIZE CHURCH | 120-250 ASA |
Not a natural size. This congregation will have tension: internal pressure to preserve intimacy, external pressure to provide quality programming; adolescent in a growth spurt; Must have proper guidance and appropriate changes at various levels or it will revert to pastoral-size.

CL 75% pastoral / 75% program...lots of needs and interests, but not enough critical mass

L 3 fold: non-anxious presence, vision caster, leadership development. Pastor must move from primary provider to being the developer of leaders. Vestry moving from unpaid staff to vision-casting, policy-enabling board. Must become a staff-run church.

G the small things: adding staff, providing resources, clean, crisp. Incorporation must become formalized. shift from pastor-focused to lay-led, program based process of incorporation. "Ricochets." Prayerful, strategic expansion with necessary support.

PROGRAM-SIZE CHURCH | 225-450 ASA |
Programs are primary; know same number of people as in a pastoral size church; Trained and fairly paid staff who function well.

CL lived out in sub-groups; wide-ranging

L pastor pastors the leaders, develops, shares in visioning, administration; don't expect hospital visit except in real crisis; spends time planning with staff and lay leaders, recruiting, facilitating, overseeing. Hard for members of smaller churches to adjust.

G through programmatic offerings; classes, gatherings, many 'side-doors'

RESOURCE-SIZE CHURCH | 451+ ASA |
excellence; top-notch facilities; well-done music; clean, neat, trained nursery personnel

CL large, professional staff; much room for advancement for lay leaders; often hires lay leaders; specialized programs offered to smaller subgroups; made up of smaller congregations within one church

L Senior pastor is like president of a university, managing deans and staff, diversity, must be able to articulate unique vision of the congregation; motivator, vision-bearer, communicator, symbol of unity, stability and energy. vestry must focus on ever-expanding mission. if not expanding>plateau>decline. Decline is hard to see until it creates a crisis.

G programmatic offerings; safe place for exiles; incorporation key otherwise newcomers fall through the cracks and disappear.

Vestry Leadership: The Energy/Vision Cycle

Managing "Business" w/ the Energy of a Shared Vision

A handout for Vestry leadership training prepared by The Rev. Canon Jason D. Lewis

Program (P)

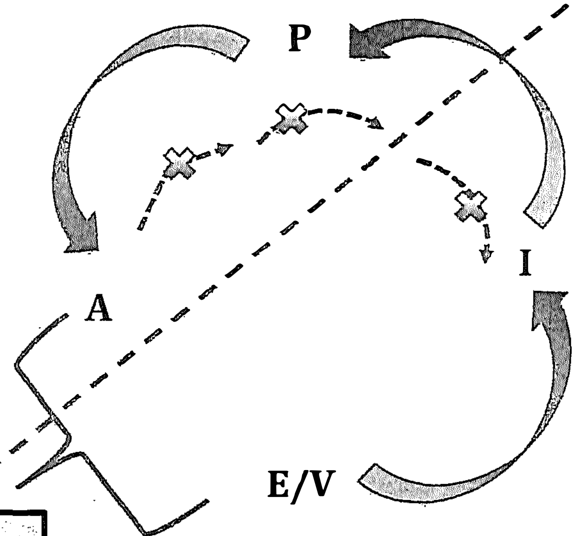
- ***"What"*** You Do
- Programs, Ministries, Events, Behaviors, Gatherings, Use of Assets, "Products"

MANAGEMENT*

*LEADERSHIP***

Administration (A)

- ***"How"*** You Do It
- Timelines, Budgets
- Managing Resources
- Order, Structure



Incorporation (I)

- The ***"Who"***?
- Sharing the **E/V**
- Bringing others "IN"
- Building "Buy-in"
- Broadening the shared **E/V**

***MANAGEMENT**

- Runs the **A** and **P**
- *Reduces Risk*
- Plans and Prepares
- Roles and Responsibilities

A w/ E/V

*****LEADERSHIP***

- Engaged
- Knows **E/V**
- Embodies **E/V**
- Looks to the *Future*
- Sees Potential
- *Takes Risks*
- Inspires & Motivates Action in the Congregation (**I**)

Key Principles:

- Leadership knows the **E/V** of the congregation and its ministries (**P** - programs)
- Leadership can articulate the **E/V** in a compelling way that builds **I** within the congregation
- Leadership ensures movement from **E/V**, to **I**, before launching new **P** or continuing existing **P**
- Do not administer (**A**) programs (**P**) for which no one can answer the **E/V** and for which there is decreased **I** (KEY*: don't run the cycle backwards!*).
- Effective Vestries have a strong balance between Management and Leadership (**A** w/ **E/V**)

Energy/Vision (E/V)

ENERGY:

- The ***"Why"?***
- Working Now
- Life-Giving Now
- Valued Now
- "Felt" Dynamic that Creates "Energy"
-

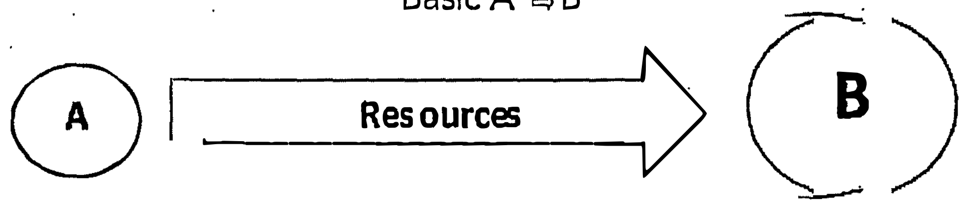
VISION:

- Vivid Picture of "More of"
- Aspired for in the Future
- Compels, Motivates, Inspires
- The Desired ***"What"*** that exists "Out There"

Leading and Creating Change (using AI as a resource)

The A to B change model focuses on the design, implementation and achievement of desired, sustainable goals. (Note: these materials are based on resources from the Clergy Leadership Institute)

Basic A ⇨ B



(1) What is life-giving now?

(2) What do we want more of?

(3) How are we going to get there?

Change Fractal

Contrary to most popular thinking, we don't need to know why or how we got to A in order to make changes in our life. We need to focus on where we are going rather than where we have come from. The following guidelines are essential to achieving our goals.

Goals need to be *positive.*
We cannot become happy by being less miserable.

Goals need to be *valued.*
We will not put effort into an outcome that we don't value.

Goals need to be *imaginable.*
We cannot achieve what we cannot imagine.

Goals need to be *resourced* and *perceived as worth* the resources.
We cannot achieve our goals if we don't have the resources.

Goals need to be *ecological.*
We need to satisfy our objections to the goal rather than overcome them for our goals to be sustainable over time.

Goals need to be *just.*
Others cannot be disadvantaged as our goal is achieved.

Goals need to *increase freedom.*
We will resist goals that limit choice and options.

Goals need to be *sold* to and *owned* by those working on them.
In group situations all the members need to own the goal. Externally imposed goals will be resisted. For change to be sustainable it has to be an "inside job."

The path to the goal needs to be *consistent* with the goal.
Both the journey and the outcome must be consistent with the our values and core purpose. We cannot fight for peace.

Achieving the goal won't make you loveable.
The love and self-acceptance we have at A is the power we use to get us to B.

Assumptions of Appreciative Inquiry

1. In every society, organization, or group, something works.
2. What we focus on becomes our reality.
3. The experience of reality is created in the moment, and there are multiple experiences of reality.
4. The act of asking questions of an organization or group influences the group in some way.
5. People have more confidence and comfort to journey to the future (the unknown) when they carry forward parts of the past with them.
6. If we carry parts of the past forward, they should be what is best about the past.
7. It is important to value differences.
8. The language we use creates our reality.
9. At any given moment people are doing the best they know how to do in that context at that time.
10. The deepest longing of the human heart is for acceptance. The only change outcomes that will be sustainable are those that result from greater self-acceptance.

Alienation is humanity's core injury.

a. alienated from our self, our capability and our potential.

b. alienated from our neighbor.

c. alienated from the Source of our existence.

If alienation is the problem, acceptance is the cure.

From the Thin Book of Appreciative Inquiry, Copyright, 1996 Sue Hammond

E

Parochial Reports

DIOCESE of KENTUCKY

The Right Reverend Terry Allen White, Bishop

PAROCHIAL REPORTS

The Episcopal Church Parochial Report website – http://reports.dfms.org – is now open for filing reports, which were due March 1, 2024.

Line-by-line instructions, including a helpful video, are available here.

The Diocese has a Supplemental Page – Report of Congregation's Assets, Liabilities, and Insurance – that cannot be filed online. Click here for the supplemental page. Please scan and email it to the Secretary of the Diocese (kayswilkinson@msn.com) or mail it to: The Diocese of Kentucky, 425 South 2nd Street, Suite 200, Louisville, KY 40202.

F

Diocesan Budget Timeline

DIOCESE of KENTUCKY

The Right Reverend Terry Allen White, Bishop

Diocesan Budget Timeline

January

- Brennan Fund report
- T&C Retreat evaluates mission priorities

February

- Vestries approve Parochial Report

March

- March 1 - Parochial Reports Due
- Bishop appoints Budget Committee
- Mission Funding application cycle opens

April

- Budget Committee, COM, and CtO determine Brennan Budget
- Finance Office sends prior year program expenditures to department heads and Finance Committee chair; they connect to discuss next budget cycle

May

- Mission Funding application cycle closes May 15
- Commitment letters mailed, includes waiver instructions- May 10

June

- Budget requests to department heads - June 1
- Vestries approve Commitment letters (and make waiver requests)

July

- 12 trailing quarters calculated
- Commitment letters (and waiver requests) due July 1
- Budget Committee creates 75 Day Budget (unbalanced)
- Mission Funding total amount determined

August

- 75 Day Budget approved by T&C
- 75 Day Budget published

September
- September 1: Financial Reviews Due
- 45 days - canonical deadline for congregational assessment letters
- Budget Committee creates balanced 30 Day Budget

October
- T&C approves 30 Day Budget
- 30 Day Budget published with narrative

November
- Diocesan Convention approves Budget

G

General Clergy and Lay Benefits

DIOCESE Of KENTUCKY

Annual Enrollment 2024

2024 Health Benefits Overview
From the Church Pension Fund Committee
This memo contains important information about our 2024 Health Benefits and Annual Enrollment. Please share this information with your employees.

Online Annual Enrollment for 2024 is open October 25th through November 15th, 2023.

PLEASE NOTE: This year you must log in and select a dental plan or you will not have dental coverage. In the past, plans have automatically carried over to the next year even if you didn't make a selection. That will not be the case this year for dental coverage. You must sign in and select a dental plan.

Medical Plans
We are offering the following medical plans to our employees through the Medical Trust. All medical trust health plans include medical, behavioral, pharmacy, Employee Assistance Program (EAP) and vision benefits. For more information, please visit the Church Medical Trust's website.

Medical Plan	Monthly Rates:	Single	Employee +1	Family
MS11 BCBS MSP PPO 80*		$906.00	$1,631.00	$2,537.00
MS10 BCBS MSP PPO 90*		$999.00	$1,798.00	$2,797.00
MPP3 PPO BCBS 80		$1,131.00	$2,036.00	$3,167.00
MPP2 PPO BCBS 90		$1,248.00	$2,246.00	$3,494.00
MHDE BCBS CDHP-20/HAS		$903.00	$1,625.00	$2,528.00
MEAP EAP		$4.00	$4.00	$4.00
MS12 BCBS BlueCard MSP PPO 70		$814.00	$1,465.00	$2,279.00
MPP4 BCBS BlueCard PPO 70		$1,008.00	$1,814.00	$2,822.00
Dental Plan	**Monthly Rates:**	**Single**	**Employee +1**	**Family**
Preventative Dental		$33.00	$59.00	$92.00
Basic Dental 50/150		$57.00	$103.00	$160.00
Dental & Orthodontia 25/75		$76.00	$137.00	$213.00

*These plans are offered as Medicare Secondary Payer options for eligible participants. When looking at the Plan Comparison Chart, MS11 receives the same benefits as MPP3; MS10 as MPP2; MS12 as MPP4.

Dental Plans
We are offering the following Cigna dental plans through the Medical Trust.

Dental Plan	Monthly Rates:	Single	Employee +1	Family
Preventative Dental		$33.00	$59.00	$92.00
Basic Dental 50/150		$57.00	$103.00	$160.00
Dental & Orthodontia 25/75		$76.00	$137.00	$213.00

What You Need to Know About Annual Enrollment
During the Medical Trust's Annual Enrollment period:

- Current plan members may change their plan selections for the following year.
- Eligible non-participating employees have the option to join a plan
- Eligible non-participating dependents may be added to a member's plan without the need of a qualifying event

Currently Enrolled Employees
Please inform your currently enrolled employees (plan members) that they will receive a letter from the Medical Trust. This letter will provide them with information on when and how to access the Annual Enrollment website, a benefits review, and links to important plan resources. In your communications, encourage your employees to begin reviewing their options and research plans early.

Non-participating Employees
Existing employees who qualify for health coverage but are not participating in one of our plans are eligible to enroll themselves and their dependents during Annual Enrollment, for the 2024 plan year if

they choose. Please send communication to these employees informing them of this option, as well as the plans and rates available to them. The enrollment form for new members will be available at the start of Annual Enrollment. Please complete form and return it to your parish Administrative Officer to The Employee Roster-- before the end of Annual Enrollment, November 15, 2023. Administrative Officers, please contact the Diocese for assistance, Brian Thomas (brian@episcopalky.org).

A Plan Comparison Chart along with schedules of Prescription Drugs,Vision, and Dental Benefits are attached to assist you in choosing your 2024 coverage.

It is important for you to log on to the Annual Enrollment website and make your selections, as well as checking your personal information and your dependents' information.

Employee Assistance Program (EAP) with Cigna Behavioral Health
In addition to the health plans, we offer a stand-alone EAP plan that parishes may elect to offer to their employees who opt out of medical benefits coverage. (The EAP is already included as part of every medical plan offering.) This will be billed in the same manner as the medical benefits. Your parish may elect to offer the EAP to all eligible employees who have opted out of medical coverage or to no one.

Faithfully,
Church Pension Fund Committee

Resource Materials
2024 Plan Comparisons
2024 Group Enrollment Form for eligible non-current participating employees will be available at the start of Annual Enrollment.

H

Payroll Documents

The Episcopal Diocese of Kentucky

Resource Guide to Payroll Documents

Go to Kentucky.revenue.gov to search for payroll forms using their form search feature, or follow the links below:

- Kentucky K-4 Form can be found here: https://revenue.ky.gov/Forms/42A8041113.pdf
- Certificate of Non-residence can be found here: https://revenue.ky.gov/Forms/42A809.pdf
- Nonresident Military Spouse Withholding Tax Exemption Certificate: https://revenue.ky.gov/Forms/42A804M1110.pdf
- I-9 can be found here: https://www.uscis.gov/sites/default/files/document/forms/i-9-paper-version.pdf
- A Draft Form of a W-4 provided by the IRS can be found here: https://www.irs.gov/pub/irs-dft/fw4--dft.pdf
    - You can find other draft forms by visiting IRS.gov/DraftForms

I

Sample Senior Warden Description & Diocesan Calendar Reminders for Vestries

The Episcopal Diocese of Kentucky

Sample Senior Warden Job Description

Congregational Leadership Conference

QUALIFICATIONS AND GIFTS:

- Have a love of God and demonstrate a commitment to following the way of Christ. Being an active minister of the Gospel in daily life and work.
- Be active in and knowledgeable about the congregation, its programs and governance. Pledging financially to support the ministry of the church. Bringing one's whole self to the table; being present-mind, body, spirit.
- Be known as someone who is fair, interacts well with people and is respected by members of the congregation.
- Have respect and, preferably, affection for the rector.
- Have an ability to "check one's ego at the door," to be a servant of the people without a need to be the "most important person" in the congregation or to be the one with the right answers to everything.
- Have an enthusiasm and vitality for this vocation.
- Risking openness with one's ideas, belief and desires.

TIME COMMITMENT:

- Vestry meetings.
- Vestry retreat (if applicable).
- Weekly worship services (rotating occasionally if more than one).
- Parish events: coffee hours, meals, fundraisers, adult education programs, etc.
- Weekly meetings with the rector (Junior Warden and other staff), if required.
- Diocesan meetings, as necessary.
- Annual Meeting.
- Consistent communications and coordination regarding church business with the vestry.

RESPONSIBILITIES:

- Meet regularly with the rector to review the life and work of the congregation, plan ahead, anticipate and resolve problems.
- Provide leadership in the vestry to identify the vision, mission and goals of the congregation, make and implement plans, assess progress and celebrate achievements.
- Provide leadership in the congregation by demonstrating a consistent positive attitude that seeks to solve problems and learn from mistakes; recognizes accomplishments and gives thanks for those things that build community and further the mission of the church.
- Pray regularly for the rector, leaders and members of the congregation.
- Be available to discuss any and all concerns with the rector; maintain confidentiality where appropriate
- Be Available to discuss any and all concerns with members of the congregation; avoid making hasty judgments, encourage compainants to speak to theose involved, discuss problems with the rector.

- In cases where the rector, staff or vestry is beleaguered or unfairly criticized, foster understanding and reconciliation, distribute accurate information, etc.
- Ensure that policies and procedures regarding employee and volunteer misconduct are in place and enforced; take any questions, complaints and concerns to the rector and/or appropriate authorities immediately.
- Take action to intervene promptly (with others as appropriate) in the event that the rector is charged with misconduct, has problems with drugs or alcohol or is acting inappropriately; speak with the rector and the bishop as necessary and appropriate.
- Support the rector in taking action when employees or volunteers are charged with misconduct or inappropriate behavior.
- In cases where conflict imperils the pastoral relationship between the rector and congregation, the rector or a majority vote of the vestry may ask the bishop, in writing, to intervene; the senior warden traditionally makes this petition on behalf of the vestry.
- In cases where the rector is overworked, disregarding his or her health and well being, and that of the family, encourage the rector to take corrective steps, solicit the vestry's support in reducing workload, adding staff, funding a sabbatical, etc as appropriate
- Assist in identifying persons for leadership roles; may also participate in inviting them to serve in those roles.
- Be prepared to assist the rector or to step in and do what is necessary (make an announcement, turn up the heat, write a letter, etc.)
- With the rector, announce the bishop's pending visit and prepare a report on the spiritual and temporal state of the congregation to be discussed with the bishop during the bishop's visitation (Canon III. 14.1. e)

IN THE ABSENCE OF A RECTOR:

- If the congregation's rector leaves, notify the bishop promptly and make provisions for worship services (Canon III. 17.1)
- If the congregation is without a rector, lead the congregation, ensuring that the worship services, program and pastoral care needs of the congregation are met, that the selection process for a new rector is established, that employee relations and communications with the diocese are maintained.
- Prepare a Letter of Agreement with the proposed new rector.
- Ensure that the name of the person proposed to be called as rector is submitted to the bishop thirty days before the election is to be held; deliver written notice of the election of a rector to the bishop (Canon III.17.2 and 3).
- Accountability: A covenant in which both the rector and warden agree on the roles and responsibilities of the warden is developed in conversation with the vestry. A yearly mutual ministry assessment process should be established for the warden along with the rector, vestry members, and other leaders.

ADDITIONAL RESPONSIBILITIES:

These responsibilities may apply in some congregations. Often they are more applicable in smaller congregations, especially those without full-time clergy. In cases where the clergy primarily provide Sunday services and pastoral care, the wardens may provide the primary leadership in the congregation. There are also congregations where there is a tradition of the senior warden providing more leadership or clergy who desire a more shared ministry and thus choose to ask the senior warden to take on some of the leadership roles traditionally or canonically assigned to the clergy.

- Conduct the vestry meeting in the absence of, or when delegated by, the rector or priest-in-charge. While the canons designate the rector as the one to preside at meetings of the vestry, he or she may delegate this responsibility.
- Make the Sunday morning announcements.
- Visit anyone known to have a major problem with a program, vestry decision, clergy, etc, (in consultation with and usually accompanied by the rector).

SAMPLE AGENDA FOR MEETING OF WARDEN(S) AND RECTOR MONTHLY

1. Review last vestry meeting: what happened; where is follow up needed?
2. Discuss agenda for next vestry meeting: what role can the warden take to be helpful?
3. Review parish staff: are there issues that need to be delt with that warden can be helpful?
4. Review vestry committee progress: do one or more committees need some guidance or support from the warden?
5. Review parish organization: are they well functioning, or are there matters in which the warden can be helpful?

Annually

1. Review wardens' and rectors' work during the past year and ask what areas need further attention.
2. Work with.the rector and parish leadership to set goals for the coming year for the rector, staff, warden(s), and vestry.
3. Revisit the overall mission of the church as well as challenges and opportunities and the parish's mission statements.

RESOURCES:

These samples are based off of materials presented in the follow resource books. Purchasing a copy of each for your parish or each member of your vestry is highly recommended.

The Vestry Resources Guide. The Episcopal Church Foundation, 2012.

Webber, Christopher. *The Vestry Resource Guide.* Morehouse, 2000

DIOCESE of KENTUCKY

The Right Reverend Terry Allen White, Bishop

Diocesan Calendar Reminders for Vestries

January

- Begin gathering information for Leadership Reports (due March 1)
- Begin preparing parochial report (due March 1)
- Register for Congregational Leadership Conference
- look for spring and summer youth event registration/info
- Report Licensing and Training for new & renewing lay leaders. Lay license applications will be reviewed at the beginning of each quarter (January, April, July, October).
- Send donation receipts for donations of over 250

February

- Approve parochial report with the vestry
- Finalize and submit leadership report
- Attend Congregational Leadership Conference

March

- Mission Funding Cycle opens - be looking for info in the newsletter
- March 1: Parochial Report Due
- March 1: Congregational Leadership Report Due

April

- Diocesan budget process underway

May

- You will receive your assessment letter in the mail

June

- June 1: Budget Requests Due
- vestries confirm, sign, and send assessment letters back to Diocesan Office.

July

- July 1: Signed Assessment Letters Due
- Begin financial review process

August

- begin process of electing deputies for diocesan convention

September

- September 1: Financial Review Due
- Convention Registration Opens
- Nominations for Convention due at end of September

October

- Proposed Resolutions due first week of October
- Credentialing of Lay deputies due first week of October
- Registration for convention closes first week of October

November

- Annual Diocesan Convention
- look for Imputed Income Information for payroll consideration
- Vestries prepare for member transitions: Outgoing Senior wardens prepare to pass along info to incoming senior warden
- Look for imputed income calculations for clergy and staff

Resources

- Congregational Leadership Report info here
  -Contact Katie McNew at admin@episcopalky.org for questions about Leadership Reports

- Convention info here
  - Contact Katie McNew at admin@episcopalky.org for questions about Convention

- Financial Review info here
  - Contact Gibbs Reese at gibbs@reesedesign.com for questions about Financial Reviews

- Lay Licensing Info here
  - Contact The Ven. Kellie Mysinger at kellie@cecbg.com for questions about lay license training

- Mission Funding info here
  - Contact The Rev. Robert Hill at revrhill@icloud.com for questions about Mission Funding

- Parochial Report info here
  -Contact Kay Shields Wilkinson at kayswilkinson@msn.com with Parochial Report questions

- Safe Church Safe Communities Training (Formerly Safeguarding) info here
  - Contact Katie McNew at katie@episcopalky.org for info about this training

J

Parish Financial Review

The Episcopal Diocese of Kentucky

425 S. 2nd Street Suite 200
Louisville, KY 40202-1417
Tel: 502 584 7148 or 1-800-222-3462
Fax: 502 587 8123

www.episcopalky.org

MEMORANDUM

To: Parish Clergy
Parish Vestry/Bishop's Committee
Parish Internal Financial Review Committee Chair

From: H. Gibbs Reese
Chair, Diocesan Financial Review (Audit) Committee

Date: March 5, 2024

Re: Parish Financial Review Procedures for FY 2023 Conducted in 2024

Greetings. First let me thank those of you who might have been responsible or have participated in responding to this diocesan required process. I believe the simplification of last year's process was most beneficial as a great percentage of you had fewer questions and successfully returned your submissions within the required time period. With the exception of a few changes relating to each congregation's required Parochial Report, all other financial review components remain unchanged. Once again, your submission is due by the **September 1st deadline**. This in turn gives our committee time to satisfactorily review all submissions, request other items as may be deemed necessary, and subsequently report our findings to the Diocesan Secretary prior to the convening of the annual 2024 Diocesan Convention.

IIn summary, there are six (6) documents that are required to complete the Financial Review process. Each is listed below with relative footnote(s). Further, examples of each are attached hereto as well as being available on the Diocesan website at Episcopal Diocese of Kentucky (episcopalky.org) – TAB: Church Administration – TAB: Financial Review Guidelines.

1. Parochial Report, pages 5 and “The Supplemental Page” for the 2023 calendar year.
   - Based on the Canonical requirements, these same two documents are to be submitted to the Diocesan offices by March 1st of each year. We are simply asking that you make another copy of same, review the statistics therein and include these as part of your materials.
2. Balance Sheet
   - This financial data/calculation should have been necessary for you to properly complete “The Supplemental Page” of the Parochial Report.
3. Income and Expense Statement
   - This financial data/calculation should have been necessary for you to properly complete page 5 of the Parochial Report.
4. Property and Liability Insurance – Declaration page(s) only.
   - May be available from your insurance carrier(s).
5. Internal Control Questionnaire
   - Complete responses including comments and notations as appropriate.
6. Internal Financial Review Findings on Policies and Procedures Certificate
   - Complete requested responses, identify Parish Internal Financial Review Committee members and include respective signatures.

As a congregation, **sequentially your financial review requirements are as follows**:

1. Vestry/Bishop's Committee should select your own Internal Financial Review Committee. This Committee should be a minimum of 3 individuals not related by blood or marriage to any check signers.

2. Conduct your individual financial review of the following documents so as to prepare for and subsequently complete the previously stated required documents submission.
   - Bank statements and reconciliations of all accounts, i.e. checking, savings, investments and discretionary funds.
   - Balance sheets and Income/Expense statements for both operating and discretionary accounts. (Financial Reports)
   - Internal Controls Questionnaire.
   - Vestry or Bishop's Committee Minutes relating to financial matters.
   - All cash receipts and cash disbursements along with supporting documentation including authorized signatures, payroll, vouchers, pledge and plate offerings, contracts, etc.
   - Listing of all active insurance policies with corresponding coverage value(s).

3. Prepare the Internal Financial Review Findings on Policies and Procedures form.

4. Vestry/Bishop's Committee accepts the Internal Financial Review Committee's reports. Any challenges and/or modifications to the submitted documents must be done in writing and included with the submission to the Diocese of Kentucky's Financial Review (Audit) Committee.

5. Vestry/Bishop's Committee submits one copy of each of the six (6) aforementioned documents to the Diocese of Kentucky via 1) mail ATTN. - Financial Review Committee, 2) electronically (Brian@episcopalky.org) before September 1st.

On behalf of our entire committee and diocesan staff, we thank you for your cooperation and participation in submitting these materials in a timely manner. Again, we have made every effort to simplify and streamline this process. Should you have any questions regarding this process please feel free to contact Brian Thomas or me.

Respectfully submitted,

H. Gibbs Reese
Chair, Financial Review (Audit)
Committee
2024AuditProceedures.03.05.2024

Congregation City Diocese

Stewardship and Financial Information of the Reporting Congregation

Giving Information for 2023:

Please indicate the reporting currency: ______

				US DOLLAR	OTHER CURRENCY
Number of Pledges	1.	Number of confirmed pledges/commitments for 2023 report year	(1)		
Total $ Pledged	2.	Total dollar amount pledged for 2023 report year	(2)		

Report of Revenues and Expenses for 2023:

				US DOLLAR	OTHER CURRENCY
Operating Revenues	3.	Plate offerings, pledge payments & regular support	(3)		
	4.	Money from investments used for operations in 2023	(4)		
	5.	Other operating income	(5)		
	6.	Unrestricted bequests used for operations	(6)		
		Subtotal Normal Operating Income (3+4+5+6) = A			
	7.	Assistance from diocese for operating budget	(7)		
		Total Operating Revenues (A + 7) = B			
Non-Operating Revenues	8.	Capital funds, gifts & additions	(8)		
	9.	Additions to endowment & other investment funds	(9)		
	10.	Contributions & grants for congregation-based outreach & mission programs	(10)		
	11.	Funds for transmittal to other organizations	(11)		
		Subtotal Non-Operating Revenues (8+9+10+11) = C			
		Total All Revenues (B+C) = D			
Operating Expenses	12.	To diocese for assessment, appointment, or fair share	(12)		
	13.	Outreach from operating budget	(13)		
	14.	All other operating expenses	(14)		
		Subtotal Operating Expenses (12+13+14) = E			
Non-Operating Expenses	15.	Major improvements & capital expenditures	(15)		
	16.	Expenses for congregation's outreach & mission	(16)		
	17.	Funds contributed to Episcopal seminaries	(17)		
	18.	Funds sent to other organizations	(18)		
		Subtotal Non-Operating Expenses (15+16+17+18) = F			
		Total All Expenses (E+F) = G			
At Year-End:	19.	Total cash in all checking & savings accounts	(19)		
As of December 31, 2023	20.	Total investments at market value (not including cash reported in line 19)	(20)		

SUPPLEMENTAL PAGE FOR DIOCESE OF KENTUCKY (NOT ONLINE) - 2023

Congregation	City	Episcopal Diocese of Kentucky

Part II: Report of Congregation's Assets, Liabilities and Insurance
For the year ending December 31, 2022

		1	2	3	4	5
		Unrestricted Assets	**Restricted Assets**			**Other Assets**
		Operating Accounts	**Congregation's Organizations**	**Other Funds**	**Trust/ Endowment Funds**	**Property (Canon I.6.1)**
	Assets					
18.	Petty Cash					
19.	Checking Accounts					
20.	Savings Accounts					
21.	Short Term Investments					
22.	Accounts Receivable					
23.	Temp Loans from Other					
24.	Deferred Expenses					
25.	Long Term Inv. at MV					
26.	Land					
27.	Buildings					
28.	Furniture and Equipment					
29.	Depreciation					
	I. Total Assets *(add 18-28 minus 29)*					
	Liabilities					
30.	Accounts Payable					
31.	Payroll Taxes Payable					
32.	Temp Loans to Other					
33.	Deferred Income					
34.	Long Term Debt					
	J. Total Liabilities *(add 30-34)*					
	K. Net Assets *(I. minus J.)*					

35.	**Insurance Category**	**Name of Primary Ins Carrier** (Canon I.6.1(3))	**Coverage**	
a.	Buildings(s)		**$, ,000**	
b.	Contents of Building(s)		**$, ,000**	
c.	Bonding		**$, ,000**	
d.	Worker's Compensation		**Yes**	**No**

	Audit: Name of Firm/Auditor/Authorized Audit Committee	**Sched Audit Date**
36.		

Balance Sheet
As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
0100 · Republic Bank Operating	6,259.84
0101 · Republic Bank Restricted	135,496.96
0103 · Republic Bank ACH Account	86.58
Total Checking/Savings	141,843.38
Other Current Assets	
12000 · Undeposited Funds	22,056.07
127 · HL Endowment	435,041.65
Total Other Current Assets	457,097.72
Total Current Assets	598,941.10
Fixed Assets	
150 · Church Campus	1,627,239.88
15000 · Furniture and Equipment	150,415.43
151 · Playground Equipment	19,459.08
153 · Accumulated Depreciation	-196,142.72
Total Fixed Assets	1,600,971.67
Other Assets	
160 · SYB - Diocesan Commingled Fund	10,958.85
Total Other Assets	10,958.85
TOTAL ASSETS	**2,210,871.62**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
210 · Temporary Restricted Funds	135,496.96
Total Other Current Liabilities	135,496.96
Total Current Liabilities	135,496.96
Total Liabilities	135,496.96
Equity	
320 · Equity	1,773,392.96
32000 · Unrestricted Net Assets	315,549.72
Net Income	-13,568.02
Total Equity	2,075,374.66
TOTAL LIABILITIES & EQUITY	**2,210,871.62**

Profit & Loss Unclassified

December 2018

Ordinary Income/Expense		
Income		
4000 · Pledge Income		9,841.00
4001 · Non-Pledge Income		6,767.78
4002 · Plate Cash		656.01
4007 · Dio Support		2,571.50
4008 · Capital Campaign		1,040.00
4020 · Pass Through Donations		
4020-24 · United Thank Offering	271.57	
4020-11 · Priest Pass-Through	1,228.50	
4020-12 · Deacon Pass-Through	1,908.50	
4020-18 · Campus Ministry	60.00	
4020-3 ·	100.00	
Total 4020 · Pass Through Donations		3,568.57
4025 ·		365.00
4026 · Interest income		2.86
Total Income		24,812.72
Gross Profit		24,812.72
Expense		
6012 · School of Theology - Stipend		500.00
6000 · Pass-Through Donations		
6000-24 · United Thank Offering	271.57	
6000-11 · Priest Pass-Through	1,228.50	
6000-12 · Deacon Pass-Through	1,908.50	
6000-18 · Campus Ministry	60.00	
6000-3 · Need Line Pledge	100.00	
Total 6000 · Pass-Through Donations		3,568.57
6001 · Discretionary Funds		
6001-2 · Discretionary Fund - Deacon	250.00	
6001-3 · Discretionary Fund - Rector	250.00	
Total 6001 · Discretionary Funds		500.00
6002 · Deacon Reimbursement		158.60
6003 · Rector Expense		
6003-4 · Housing Allowance	1,156.00	
6003-1 · Priest Pension	34.00	
6003-3 · Priest Health Insurance	657.62	
6003 · Rector Expense - Other	202.40	
Total 6003 · Rector Expense		2,050.02
6004 · Christian Education		38.37
6005 · Building and Grounds		1,828.77
6008 · Administration		1,501.77
6010 · Worship		1,454.84
6020 · Outreach - Budgeted		
6020-3 · Dio Budget	2,260.00	
6020-1 · Needline - Budgeted	150.00	
Total 6020 · Outreach - Budgeted		2,410.00
6600 · Outside Labor		555.00
66000 · Payroll Expenses		5,236.78
67000 · Capital Campaign Expense		335.85
Total Expense		20,138.57
Net Ordinary Income		4,674.15
Net Income		**4,674.15**

CHURCH INSURANCE
COMPANY OF VERMONT

210 South Street
P.O. Box 5000
Bennington, Vermont 05201
Service: 800.293.3525
Claims: 800.223.5705

DIOCESAN PROGRAM CERTIFICATE

Certificate Number: **Master Policy Number:**

Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: **CIC of Vermont**
Region: **06**
Service: **1-800-293-3525**

Certificate Period: **From:** 10/08/2018 **To:** 10/08/2019

In return for the payment of the premium and subject to all terms and conditions, we agree with you to provide the insurance as stated in your Diocesan policy.

Description:		**Limit:**
Blanket Buildings and Contents		$101,825,300
Flood		Included
Foreign and Domestic Terrorism		Included
Water Backup and Overflow		$50,000
Equipment Breakdown		Included
Earthquake Blanket		Not Applicable
Fine Arts		$1,000,000
Ordinance or Law		$250,000
Commercial Liability	**per Occurrence**	$1,000,000
	Aggregate	$5,000,000
Pastoral Counseling		Included
Hired and Non-Owned Auto		Included
Products/Completed Work Liability		Included
Personal Injury/Advertising Injury		$1,000,000
Employee Benefits Liability		$1,000,000
Fire Legal Liability		$1,000,000
Medical Payments		$30,000
Sexual Misconduct Liability	**per Occurrence**	$1,000,000
	Aggregate	$2,000,000
Directors' and Officers' Liability (including Educator's E&O) and Employment Practices Liability	$1,000,000 per claim / $1,000,000 aggregate	
Accident Medical Expense	**per Occurrence**	$15,000
	Aggregate	$60,000

(Limits continued on next page)

(See Specific Coverage sections for complete descriptions of coverage, definitions, retentions, deductible, schedules, exclusions and limits.)

CHURCH INSURANCE
COMPANY OF VERMONT

210 South Street
P.O. Box 5000
Bennington, Vermont 05201
Service: 800.293.3525
Claims: 800.223.5705

DIOCESAN PROGRAM CERTIFICATE

Certificate Number: **Master Policy Number:**

Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: **CIC of Vermont**
Region: **06**
Service: **1-800-293-3525**

Certificate Period: **From:** 10/08/2018 **To:** 10/08/2019

Premises Number: **1** **Location:**

Building Number: **1**

Description:
CHURCH/PARISH HALL

Coverage Type	Limit
Building	$9,038,200
Personal Property	$625,600
Earthquake	Included

Protective Device Credit Applies

Valuation: Replacement Cost

Deductibles:	Hurricane	Flood	EQ	Wind/Hail (other than Hurricane)	Crime	Sinkhole Collapse	All Other Property
	$1,000	2%	2%	$1,000	1%	2%	$1,000

Equipment Breakdown Spoilage	Equipment Breakdown Service Interruption
24 hours	24 hours

Percent deductible for Hurricane, Flood, Earthquake, Sinkhole Collapse or Windstorm/Hail is the indicated percentage of the building and contents limits shown on this Declarations page. If an Earthquake Sublimit is provided, the Earthquake deductible is the indicated percentage of the Earthquake Sublimit shown on this Declarations page.

Coinsurance: Coinsurance Waiver / Agreed Amount

210 South Street
P.O. Box 5000
Bennington, Vermont 05201
Service: 800.293.3525
Claims: 800.223.5705

CHURCH INSURANCE COMPANY OF VERMONT

DIOCESAN PROGRAM CERTIFICATE

Certificate Number: **Master Policy Number:**

Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: **CIC of Vermont**
Region: **06**
Service: **1-800-293-3525**

Certificate Period: **From:** 10/08/2018 **To:** 10/08/2019

Premises Number: **2** **Location:**

Building Number: **1**

Description:
RECTORY

Coverage Type	**Limit**
Building	$220,300
Personal Property	$9,000
Earthquake	Included

Valuation: Replacement Cost

Deductibles:	**Hurricane**	**Flood**	**EQ**	**Wind/Hail (other than Hurricane)**	**Crime**	**Sinkhole Collapse**	**All Other Property**
	$1,000	2%	2%	$1,000	1%	2%	$1,000

Equipment Breakdown Spoilage	**Equipment Breakdown Service Interruption**
24 hours	24 hours

Percent deductible for Hurricane, Flood, Earthquake, Sinkhole Collapse or Windstorm/Hail is the indicated percentage of the building and contents limits shown on this Declarations page. If an Earthquake Sublimit is provided, the Earthquake deductible is the indicated percentage of the Earthquake Sublimit shown on this Declarations page.

Coinsurance: Coinsurance Waiver / Agreed Amount

CHURCH INSURANCE
COMPANY OF VERMONT

210 South Street
P.O. Box 5000
Bennington, Vermont 05201
Service: 800.293.3525
Claims: 800.223.5705

DIOCESAN PROGRAM CERTIFICATE

Certificate Number: **Master Policy Number:**

Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: **CIC of Vermont**
Region: **06**
Service: **1-800-293-3525**

Certificate Period: **From:** 10/08/2018 **To:** 10/08/2019

Description:	**Limit:**
Crime Insuring Clauses	
Employee Theft Coverage	$50,000
Premises Coverage	$25,000
In Transit Coverage	$25,000
Forgery Coverage	$50,000
Computer Fraud Coverage	$50,000
Funds Transfer Fraud Coverage	$50,000
Money Orders and Counterfeit Currency Fraud Coverage	$25,000
Credit Card Fraud Coverage	$25,000
Client Coverage	N/A
Expense Coverage	$10,000

(Retention of 1% of the applicable Limit applies to all Crime Coverage)

Commercial Umbrella

	per Occurrence	$4,000,000
	Aggregate	$4,000,000
Sexual Misconduct	**per Occurrence**	$1,000,000
	Aggregate	$1,000,000
Retained Limit (applies only to Coverage U)		$10,000

Underlying Insurance for Umbrella

Commercial Liability	**Church Insurance Company**
Auto Liability	**Any Admitted Insurer**
Employers Liability Limits	**Any Admitted Insurer**
Directors and Officers Liability	**Church Insurance Company**

(See Specific Coverage sections for complete descriptions of coverage, definitions, retentions, deductible, schedules, exclusions and limits.)

The following Internal Control Questionnaire provides guidance for setting up an accounting system and a checklist for periodic review and evaluation of an existing system. The questionnaire is designed also to assist a congregation's internal audit committee. The questions largely refer to some recommended internal control. The normative answer to a question will be positive. A negative response suggests an area that needs to be strengthened. Developing a narrative description is suggested to provide documentation of a current review and should be retained for reference in future evaluations.

General: The following items provide general information to aid in understanding the overall accounting and internal control system.

1.	Are prior internal control questionnaires and auditors' recommendations available?	Yes☐ No☐
2.	Have recommendations of prior reports on internal controls been implemented?	Yes☐ No☐
3.	Is a complete and current chart of accounts, listing all accounts and their respective account numbers, available?	Yes☐ No☐
4.	Is there an accounting policy and procedure manual? Is it up to date?	Yes☐ No☐
5.	Is a current edition of this manual available?	Yes☐ No☐
6.	Is the accounting system using a double-entry bookkeeping method?	Yes☐ No☐
7.	Have the findings of external auditors been reported to the Vestry?	Yes☐ No☐

Budget: The development and use of a budget is a critical management tool that will aid in the stewardship and administration of church resources and program.

1.	Is the budget approved by the Vestry?	Yes☐ No☐
2.	Are all changes to the budget authorized by the Vestry and recorded in the minutes of the meetings?	Yes☐ No☐
3.	Is there a periodic review of the budget by the Vestry?	Yes☐ No☐

Reporting: The best accounting system is of little value, unless it communicates the information it contains to the staff responsible. Although there may be variations, certain minimum standards exist to assure adequate communication of the financial information.

1.	Is a Treasurer's report submitted to the Vestry or accounting committee each month?	Yes☐ No☐
2.	Is the Treasurer's report presented in enough detail to inform the reader about the nature of the various income and disbursement items?	Yes☐ No☐
3.	Does the report present the current actual financial data compared with the approved budget?	Yes☐ No☐
4.	Is there periodic reporting, at least quarterly, of all other funds	Yes☐ No☐

	and activities, including designated or restricted funds?	

Cash Receipts: Clearly stated policies and procedures regarding the handling of cash and other receipts help to prevent loss and assure that all receipts are properly recorded.

1.	Are there safeguards to protect the collections from theft or misplacement from the time of receipt until the time the funds are counted and deposited?	Yes☐ No☐
2.	Are the collection receipts counted and deposited so that the deposit equals the entire amount of receipts on a timely basis?	Yes☐ No☐
3.	Are there at least two unrelated persons responsible for counting and depositing the collections?	Yes☐ No☐
4.	Are the persons responsible for counting receipts rotated on a periodic basis?	Yes☐ No☐
5.	Do the counters have a standardized form for recording the deposit information?	Yes☐ No☐
6.	Are the counters' sheets retained and reconciled with actual deposits, and are all discrepancies investigated?	Yes☐ No☐
7.	Are all the pledge envelopes or other memoranda retained and reconciled to the recorded amounts?	Yes☐ No☐
8.	Are all other cash receipts recorded and deposited on a timely basis?	Yes☐ No☐
9.	Are all checks received restrictively endorsed — "for deposit only" immediately upon receipt?	Yes☐ No☐
10.	Are all cash receipts deposited into the general operating checking account?	Yes☐ No☐
11.	Are there procedures that will highlight or call someone's attention to the fact that all receipts or income have not been received or recorded?	Yes☐ No☐
12.	Are periodic statements provided to donors of record (i.e. at least quarterly)?	Yes☐ No☐
13.	Do acknowledgments of contributions in excess of $250 include a receipt from the recipient organization that states that it is "the contemporaneous acknowledgment required by the Internal Revenue Code and that, in accordance with Section 170(F)(8)(B), any goods or services provided consist solely of intangible religious benefits"?	Yes☐ No☐
14.	Are all discrepancies investigated?	Yes☐ No☐

Cash Disbursements: The following procedures will assist in assuring that all payments are properly approved, recorded, and supported by appropriate documentation.

1.	Are all disbursements made by check, except for small expenditures made from petty cash?	Yes☐ No☐
2.	Are all checks pre-numbered and used in sequence?	Yes☐ No☐
3.	Is there a clearly defined approval process for all disbursements?	Yes☐ No☐
4.	Are all voided checks properly cancelled and retained?	Yes☐ No☐
5.	Are all checks made payable to specified payees and not to cash or to bearer?	Yes☐ No☐
6.	Are all disbursements supported by original documentation?	Yes☐ No☐
a.	Is signing blank checks prohibited?	Yes☐ No☐
b. c.	Is using a signature stamp or pre-printed signatures prohibited?	Yes☐ No☐
d.	Does all supporting documentation accompany checks presented for signature?	Yes☐ No☐
e.	d. Are all account signers authorized by the Vestry?	Yes☐ No☐
f.	e. Is more than one signature required for any check?	Yes☐ No☐
g.	f. If not, do checks for more than $2,500 require more than one signature?	Yes☐ No☐
h.	g. If signature imprint machines are used, are the keys kept under lock and key except when in use?	Yes☐ No☐
7.	Are all disbursements requiring special approval of funding sources or the Vestry properly documented in the Vestry or Finance Committee minutes?	Yes☐ No☐
8.	Are there adequate controls and segregation of duties regarding electronic funds transfers?	Yes☐ No☐

Journal Entries: Journal entries offer a special opportunity to adjust accounting records. The general journal is an equally important book of original entry as the cash receipts and cash disbursements journals

1. Is there an appropriate explanation accompanying each journal entry?	Yes☐ No☐
2. Are all journal entries approved by a knowledgeable authority other than the person initiating the entry?	Yes☐ No☐
3. Is adequate documentation maintained to support each journal entry?	Yes☐ No☐

Bank Account Reconciliation: The monthly reconciliation of all bank accounts is a primary tool for assuring the proper recording and accounting for all cash account activity.

1. Are all bank accounts reconciled within 10 days of receipt of bank statement?	Yes☐ No☐
2. Do two different people perform the tasks of opening and reconciling the bank statement?	Yes☐ No☐
3. Does someone complete the bank account reconciliations other than the person who participates in the receipt or disbursement of cash?	Yes☐ No☐
4. Do the reconciliation procedures provide for:	Yes☐ No☐
1. Comparison between the bank statement and the cash receipts journal of dates and amounts of deposits?	Yes☐ No☐
2. Investigation of bank transfers to determine that both sides of the transactions have been recorded?	Yes☐ No☐
3. Investigation of all bank debit and credit memos?	Yes☐ No☐
4. Review of all checks outstanding more than 90 days?	Yes☐ No☐
5. Are checks more than 180 days outstanding voided during the year-end reconciliation?	Yes☐ No☐
6. Is the bank immediately notified of all changes of authorized check-signers?	Yes☐ No☐
5. Are all journal entries for bank charges and bank account interest recorded routinely?	Yes☐ No☐
6. Are all bank accounts included on financial reports to the Vestry?	Yes☐ No☐

Petty Cash: The following controls provide a timely recording of cash expenditures in the accounting system.

1. Is the responsibility for the petty cash fund assigned to one person?	Yes☐ No☐
2. Are all petty cash funds maintained on an imprest basis, i.e., the total amount of vouchers paid or disbursed, plus cash, always equaling the amount of the fund?	Yes☐ No☐
3. Is adequate review made of documentation before the fund is reimbursed?	Yes☐ No☐
4. Is the petty cash fund reimbursed at least monthly?	Yes☐ No☐
5. Are check cashing and making loans to employees prohibited?	Yes☐ No☐
6. Is the actual petty cash protected from theft or misplacement?	Yes☐ No☐

Investments: Procedures for proper recording and control of all investment instruments will help to assure that all assets and related income are accounted for and properly reported.

1. Are all investment instruments held in the name of the church only?	Yes☐ No☐
2. Is authorization for the sale and/or purchase of investments provided for by the Vestry or authorized investment committee?	Yes☐ No☐
3. Are all investment instruments adequately protected from fire, theft,	Yes☐ No☐

	or misplacement?	
4.	Are the income/dividends/interest recorded?	Yes☐ No☐
5.	Are all investment accounts included in financial reports to the Vestry?	Yes☐ No☐

<u>Property and Equipment</u>: Certain procedures involving the physical assets of the church will aid in detecting, identifying, and preventing losses.

1.	Is formal approval of the Vestry required for all property and equipment additions and dispositions?	Yes☐ No☐
2.	Is a detailed inventory of all property, furniture, fixtures, and equipment maintained showing:	
	a. Date acquired?	Yes☐ No☐
	b. Detailed description?	Yes☐ No☐
	c. Cost or fair market value at time of donation?	Yes☐ No☐
	d. Any funding source restrictions?	Yes☐ No☐
3.	Is a periodic review conducted to compare the actual property, furniture and fixtures, and equipment with the recorded inventory listing?	Yes☐ No☐
4.	Is there a safe deposit box?	Yes☐ No☐
	a. Who is authorized to enter it?	Yes☐ No☐
	b. Is there an inventory of its contents?	Yes☐ No☐
5.	Are permanent records such as articles of incorporation, if applicable, by-laws and real estate deeds kept in a safe place?	Yes☐ No☐
6.	Are they up to date?	Yes☐ No☐

<u>Insurance</u>: Insurance should be maintained that is adequate to protect against all reasonable risks of loss.

1.	Is a detailed inventory of all property, furniture, fixtures, and equipment maintained showing:	
Date acquired?		Yes☐ No☐
	a. Detailed description?	Yes☐ No☐
	b. Cost or fair market value at time of donation?	Yes☐ No☐
	c. Any funding source restrictions?	Yes☐ No☐
2.	Is a periodic review conducted to ensure the adequacy of the insurance coverage for:	Yes☐ No☐
	a. Property?	Yes☐ No☐
	b. Liability?	Yes☐ No☐
	c. Fidelity bond?	Yes☐ No☐
	d. Sexual misconduct?	Yes☐ No☐
	e. Directors' and officers' liability?	Yes☐ No☐
	f. Workers' compensation?	Yes☐ No☐
3.	Is a periodic review conducted to ensure that adequate controls are in place to prevent loss?	Yes☐ No☐

Liabilities and Other Debt: All liabilities and other debt must be clearly reported, and all provisions or restrictions complied with.

1.	Is all borrowing or indebtedness authorized by the Vestry and the appropriate diocesan board or committee?	Yes☐ No☐
2.	Are all loan agreements and/or lease agreements in writing and properly safeguarded?	Yes☐ No☐
3.	Are there periodic reviews conducted to determine compliance with any debt/lease provisions?	Yes☐ No☐
4.	Are all liabilities noted on Financial Reports to Vestry?	Yes☐ No☐

Restricted Gifts and Income: Gifts restricted by donors are not handled in the same manner as other contributions. Procedures are necessary to assure that these gifts are recorded properly and all restrictions observed.

1.	Are records maintained of all bequests, memorials, endowments, or any other restricted gifts to include:	Yes☐ No☐
	a. Date, amount and donor of gift?	Yes☐ No☐
	b. Any restrictions or limitations?	Yes☐ No☐
2.	Does the Vestry or other authoritative body approve all restricted gifts and grants?	Yes☐ No☐
	a. Are the income and other transactions periodically reported to the Vestry?	Yes☐ No☐
	b. Are written acknowledgments issued for whom they are required?	Yes☐ No☐

Payroll: The application of policies and procedures involving the employment of individuals assures compliance with payroll tax reporting to the various governmental entities.

1.	Are personnel files maintained to include:	Yes☐ No☐
	a. Employment application and/or letter of employment?	Yes☐ No☐
	b. Authorizations of pay rates and effective dates?	Yes☐ No☐
	c. Internal Revenue Service Form W-4?	
	d. Department of Justice Form I-9?	
	e. State Withholding Forms?	
	f. New hire reporting?	
2.	Is there a written record of hours worked, approved by a supervisor when applicable?	Yes☐ No☐
3.	Are there adequate records to:	Yes☐ No☐
	a. Show computation of gross pay?	Yes☐ No☐
	b. Account for all deductions from gross pay?	Yes☐ No☐
	c. Support payroll tax returns and Forms W-2?	Yes☐ No☐
4.	Are payroll tax returns filed on a timely basis?	Yes☐ No☐
5.	Are payroll tax deposits made on a timely basis?	Yes☐ No☐
6.	Are all employees, clergy and lay, receiving a Form W-2?	Yes☐ No☐

7.	Are Forms 1099 being provided for all individuals who are not employees, and for all unincorporated entities paid $600 or more annually?	Yes☐ No☐
8.	Are Form W-2 wages reconciled to the general ledger accounts, and all four quarterly payroll tax returns?	Yes☐ No☐
9.	Are clergy housing allowances recorded in the minutes of the Vestry no later than the first meeting of the year?	Yes☐ No☐

<u>Computer Systems</u>: The use of computers creates the need for additional procedures to safeguard the system and data.

1.	Are current or duplicate copies of the operating system and programs maintained off premises?	Yes☐ No☐
2.	Are the files backed up daily and the backups maintained off premises?	Yes☐ No☐
3.	Is access to the computer and computer programs limited to authorized persons?	Yes☐ No☐
4.	Is there adequate documentation, including user manuals, available on-site for all computer programs?	Yes☐ No☐
5.	Is there a plan for data recovery and continuation of operations in the event of a disaster?	Yes☐ No☐

Last update November 2019

The Episcopal Diocese of Kentucky

Internal Financial Review Committee Findings on Policies and Procedures

Date: _____/_____/_____
To: the Rector, Wardens and Vestry of ____
Name and City of Church

Subject: 20_ Internal Financial Review

During the course of the above inspection the following items pertaining to internal control and other operation matters were noted. The first group includes areas of management control where prior year recommendations have been implemented; the second group includes comments and recommendations of current year. This letter should be made a part of the minutes of your vestry meeting.

Areas where prior year review recommendations have been implemented:

____

____

____

Comments and recommendations of current year committee:

____

____

Members of the Internal Financial Review Committee

Name	Address	Signature

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Marmion Loan

Canon 16 Waiver Process

Section III.6. Marmion Revolving Loan Fund

1. History. The Marmion Revolving Loan Fund, originally called the Revolving Loan Fund, resulted from a capital campaign in the 1950's whose purpose, in part, was to create a permanent fund whose principal could be loaned from time to time to members of the Clergy to assist with the purchase of residences for themselves and their families and to Congregations for the purchase or improvement of their worship spaces. The Marmion Revolving Loan Fund is managed by the Treasurer and the Investment Committee and is accounted for separately from the Diocese's other permanent and endowment funds. A portion of the Marmion Revolving Loan Fund may be invested in cash equivalent securities so that the Treasurer and the Controller may use a portion of the Fund to cover short-term liquidity needs which occur in the annual diocesan budget cycles because of, among other causes, slow receipt of congregational pledges or because distributions from the Commingled Fund may only be received at the beginning of each calendar quarter.

2. Processing Applications for the Marmion Revolving Loan Fund.
Applications for loans from the Marmion Revolving Loan Fund shall be made to and evaluated by the Finance Committee who shall forward the applications to Trustees and Council along with the Committee's recommendations. Trustees and Council shall receive and evaluate and, if determined to be in the best interests of the Diocese, make loans from the Marmion Revolving Loan Fund to Clergy (for the purchase ***or enhancement*** of real property) and to Parishes, Aided Parishes, and Mission Congregations or such other groups or agencies directly related to the Diocese (for the purchase of real property, or the construction, expansion, or major repair of any improvement to real property) subject to the following terms of this Bylaw.

3. Calculation of Interest Rates for Loans.
(a) Promptly following the beginning of each calendar year, the Treasurer, in consultation with the Controller, shall ascertain the average market rate of interest applicable to U.S. Treasury Securities maturing in five (5) and (10) years, respectively, as of the first business day of the year. Loans approved during each calendar year shall bear interest, fixed by the Treasurer for the life of the loan, at seventy-five percent (75%) of the interest rate so ascertained in that year for comparable maturities of U.S. obligations, or three (3%) percent, whichever is greater. With the approval of Trustees and Council, payment of the initial installment of interest may be deferred once for a period not exceeding twelve (12) months.

(b) Notwithstanding the provisions of paragraph 3(a) above, Trustees and Council may reduce the interest rate payable on Marmion All Saints loans, the Marmion Diocesan search loan, and the Marmion Diocesan computer systems loan to 1% effective October 1, 2011, for the balance of 2011 and for the years 2012, 2013, 2014, 2015 and 2016. (These loans totaled approximately $231,030 in 2011.) Unless Trustees and Council takes further action at a later date, the interest rates on all Marmion Revolving Loans outstanding on December 31, 2016 will revert to the terms of the original promissory notes or paragraph 3(a) for years after 2016.

4. Advice. The Chairman of the Finance Committee, the Treasurer, and Trustees and Council may solicit advice concerning loan applications from the Department of Mission and Evangelism and from the Mission Funding Committee. All loan applications which are approved by the Finance Committee shall be forwarded to Trustees and Council for consideration.

5. Repayment terms. Repayments of the principal amount shall be made according to an agreed-upon, periodic repayment schedule. No repayment period shall extend beyond ten (10) years from the date of the loan.

6. Further Terms. No individual loan to a congregation or other entity may exceed $100,000 and the total of all Marmion Revolving Loans to a congregation may not exceed $100,000. The Finance Committee or Trustees and Council may impose such further conditions upon loans as they may deem appropriate.

7. Relation to Loans from Commercial Banks. A congregation making a request for a loan from the Fund need not first have applied for a commercial loan unless there are two (2) or more pending requests for loans which exceed the available funds.

8. Requirements for Clergy Loans. All loans to clergy of the Diocese shall be subject to the following conditions:
(a) The loan shall be ~~solely~~ to assist such clergy with making a down payment on the purchase of a residence for themselves and their families ***or for capital improvements on the same***.
(b) The loan shall be repayable in not more than one hundred twenty (120) equal installments, such payments to be applied first to the payment of interest on the unpaid balance, with the remainder of each payment to be applied to the reduction of the principal.
(c) The loan may not exceed ~~$20,000~~ **$40,000 for a down payment on real property or $25,000 for capital improvements.**
(d) No loan shall be made to the Bishop or any other member of Trustees and Council unless each of the members of Trustees and Council who assents to or participates in the making of such loan agrees to be personally liable to Trustees and Council for the amount of such loan until the repayment thereof. (KRS 273.241).

9. Security for Repayment. Every Marmion Revolving loan shall be secured by a duly recorded first or second mortgage in favor of the Diocese on the property to be purchased or improved with the proceeds of the loan (unless the property is owned by the Diocese), unless there shall be such other arrangement for securing the loan as may be deemed appropriate under special circumstances by the Finance Committee or Trustees and Council.

10. Limit on New Loans. No loan shall be made if after such loan would be disbursed there shall remain in the Marmion Revolving Loan Fund $100,000 or less available for lending to congregations.

11. Liquidity Loans. Not more frequently than once a year, Trustees and Council may designate an amount up to $50,000 within the Marmion Revolving Loan Fund which the Controller, acting with either the oral or written approval of the Bishop, may request in writing from time to time to be used to avoid default upon short-term diocesan obligations in anticipation of revenues within the following thirty (30) days. The Controller's request shall be made to the Treasurer, with a copy to the Chairman of the Finance Committee. Upon receipt of written approval from the Chairman of the Finance Committee, or in ~~his or her~~ ***their*** absence from the Vice President of Trustees and Council, the Treasurer may liquidate sufficient securities in the Fund and cause the proceeds to be transferred to a Diocesan checking account designated by the Controller. All such short-term loans shall be recorded as receivables in the accounts of the Marmion Revolving Loan Fund and as payables in the current accounts of the Diocese.

12. Reports to Trustees and Council. The Treasurer of the Diocese shall include a statement of financial condition of the Marmion Revolving Loan Fund as an addition to each periodic report to Trustees and Council. The report shall include, at least, the following detail: the most recent balance of invested securities and cash held in the Fund, the total of all outstanding Marmion loans to congregations, clergy, and other entities together with the names of the obligors, the maturity dates of the loans and their status (current, late, etc.), the available amount in the liquidity account, and the total balance of the Marmion Revolving Loan Fund.

Diocese of Kentucky

Marmion Loan Fund

Application

Trustees and Council shall receive and evaluate and, if determined to be in the best interests of the Diocese, make loans from the Marmion Revolving Loan Fund to Clergy (for the purchase of real property) and to Parishes, Aided Parishes, and Mission Congregations or such other groups or agencies directly related to the Diocese (for the purchase of real property, or the construction, expansion, or major repair of any improvement to real property) (T&C By-Laws III.6.3).

Date of application ________________ Amount requested ____________________________

Applicant/church name ____

Mailing address ____

If this is a church application, contact person ____

Phone ____________________ Email ____

Purpose of the loan ____

____

____

Please submit completed application to the Finance Committee of the Diocese of KY, (502) 584-7148.

The Finance Committee will make a recommendation to Trustees & Council at its next quarterly meeting.

- -

Finance Committee discussion

Meeting date ____________________ Discussion ___________________________________

____

____

____________________ Recommendation to T&C ___________________________________

____

T&C meeting date ________________ Discussion ___________________________________

____

____

Decision ________________________ Loan start date ______________________________

Canon 16 Waiver Request Process

1. In a cover letter signed by the clergy person in charge of the Congregation, if any, the Senior or Bishop's Warden, and the Treasurer or Finance Chair, describe the circumstances that have led to your congregation's application for a Canon 16 waiver request.

2. Within 10 business days, the Treasurer will acknowledge receipt of the waiver request and ask for submission, within 30 days, of:

a) Balance sheets, revenue and expense statements, and Parochial Reports for the prior three years, and a balance sheet and revenue and expense statement for the current year-to-date.
b) A list of reductions to congregational expenses in an attempt to fulfill your Diocean budget commitment under Canon 16
c) Projections about pledges for the coming year
d) A detailed plan for working toward a full 13% assessment.

3. Submit all of these documents. Please forward the request to Brian Thomas, c/o The Diocese of Kentucky, 425 South 2nd Street, Suite 200, Louisville, KY 40202.

4. The Treasurer will review and consider your response, requesting any additional information, and then present the response to the Executive Committee of the Council. The Executive Committee will then determine whether to refer the waiver request to Trustees & Council for approval or if more information is required.

5. If the Executive Committee determines that more information is required, it will arrange a meeting between appointed representatives of the Council and representatives of the Congregation, to include at minimum the clergy person in charge of the Congregation, if any, the Senior or Bishop's Warden, and Treasurer or Finance Chair, to discuss the waiver request.

The purpose for this meeting is to learn more about the congregation's circumstances and to provide any resources, advice, or counsel that may be helpful to the congregation in completing the waiver process.

6. The representatives of Council will then determine whether to refer the waiver request to Trustees & Council for approval or if further action is required.

7. If the representatives of the Council determine that further action is warranted, it will request that the Congregation prepare a strategic plan to be voted on by the Vestry or Bishop's Committee, outlining the steps the Congregation intends to take to come into compliance, along with projected dates by which these steps will be taken. The Diocese will provide all reasonable resources and advice in preparing this strategic plan.

8. Once approved by the congregation, the strategic plan is submitted by the congregation to Trustees & Council for review. If approved, the waiver will be granted.

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Church Finance Today

The Episcopal Diocese of Kentucky

Church Finance Today Resource Guide

Church Finance Today presents timely, accurate and practical financial planning, tax compliance, and risk management information written in plain English! Each monthly issue helps churches and other ministries stay up-to-date on relevant IRS developments, court rulings, and legislation and find practical assistance in responding to problem areas that often catch ministry leaders by surprise.

To view this resource, visit https://www.churchlawandtax.com/cft/2019/

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Episcopal Payroll Services

The Episcopal Diocese of Kentucky

Payroll Processing & Administration

CPG's Episcopal Payroll Services (EPS) program provides Episcopal employers with an accurate, efficient, cost-effective way to pay faculty and staff.

Take advantage of the very competitive rates we have negotiated with world-class payroll processor ADP and feel confident that your employees are paid correctly and on time, payroll taxes are paid accurately and in compliance with tax laws, and W-2s and 1099s are filed on time.

Episcopal Dioceses, Churches, and Institutions

Learn more about ADP's payroll services offerings to determine if they can assist you with your payroll services needs:

Vincent Tranchina at Vincent.tranchina@ADP.com

If you are already an ADP customer, you can contact them at:

(844) 209-9636 (WorkForce Now users)

(866) 989-0196 (Run users)

If you are having difficulty navigating ADP, please feel free to contact us at cs@cpg.org or (855) 215-5990.

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Church Insurance Agent Contact Information

The Episcopal Diocese of Kentucky

Church Insurance Agency Agent Contact Information

JEFFREY LYNGAAS
Account Representative
Mobile: 630-327-6066
Office: 630-868-8575
Fax: 630-868-8576
Email: jlyngaas@cpg.org

RUTH BLAND
Customer Service
Office: 800-293-3525
Email: rbland@cpg.com

FILING CLAIMS
800-223-5705

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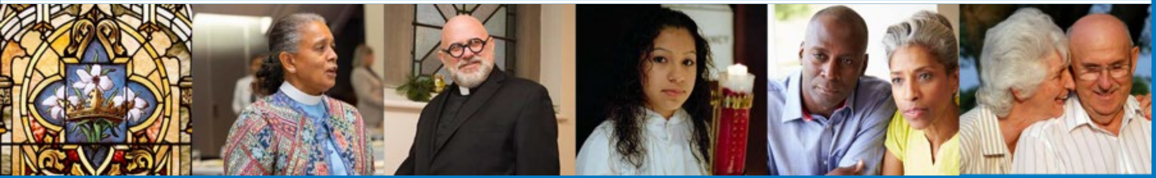
Imputed Income - CPG Insurance

Education for Benefits Administrators: Imputed Income Reporting



Lorena Dema
Manager, Benefit Payments
Benefits Policy

November 17, 2022
CPG Administrator Webinar Series

Today’s Agenda

01 Definition of Imputed Income:
What, Why, Who, When, and How

02 Imputed Income Reports:
Detailed look at the contents

03 Important Timeframes and Deadlines

04 Method of Delivery:
MAP – My Admin Portal

05 Questions and Discussion

What is Imputed Income?

Value of non-cash compensation taxable to the employee.

Must be included in the employee’s Form W-2

Amount of imputed income relating to employer-provided group-term life insurance governed by IRS Code Section 79

Imputed Income on Group-term Life Insurance

Section 79 of the Internal Revenue Code (IRC) requires employers to calculate taxable imputed income for employees that receive group-term life insurance coverage in excess of $50,000

The first $50,000 of group-term life insurance coverage provided is excluded from compensation

Group-term life insurance provided by one or more employers in excess of $50,000 requires the calculation of taxable imputed income in the current year

The amount of taxable imputed income must be reported on any current or former employee’s Form W-2 each year

Church Life and CPF Provide Three Forms of Group-term Life Coverage:

1

Group-term Life Insurance for Eligible Participants in the Clergy Pension Plan

- All eligible **active** clergy can receive life insurance coverage up to $150,000*
- All eligible **retired** clergy can receive life insurance coverage up to $50,000**

2

Employer Provided Group-term Life Insurance

- Each group can choose to purchase additional group-term life coverage, and the coverage amounts can differ by group

3

Lay Death Benefit Plan

- Active lay participants in the Lay DB Plan are eligible for a death benefit equal to the lesser of two times the participant's earnings or $50,000
- This benefit is provided by CPF through a self-funded death benefit plan that is treated like group-term life insurance under IRC section 7702(j) and is therefore considered in the calculation of imputed income, if applicable

How is Imputed Income Calculated?

We provide you with the calculation…

…the imputed income amount is calculated based upon:

Total amount of group-term life insurance in excess of $50,000

Employee age

Monthly cost per $1,000 of all group-term life insurance in excess of $50,000, provided by the IRC Section 79 – Rate Chart

Let’s try one together…with Father Income, age 46…

IRS Premium Table Rates

Using this chart, we determine the monthly cost of $1,000 of coverage for a 46-year-old:

IRC Section 79: Imputed Income on Group-term Life Insurance

Age	Monthly Cost
Under 25	$ .05
25 to 29	.06
30 to 34	.08
35 to 39	.09
40 to 44	.10
45 to 49	**.15**
50 to 54	.23
55 to 59	.43
60 to 64	.66
65 to 69	1.27
70 and Older	2.06

This table is based on IRS Publication 15-B, August 24, 2022. We always recommend that you consult with your tax advisor.

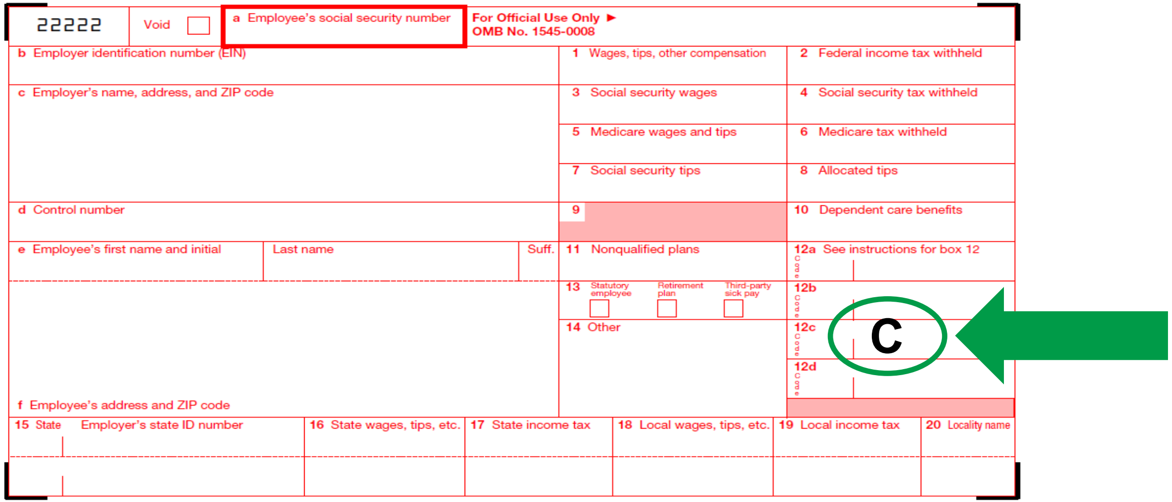
Imputed Income Calculation

Total Coverage		Excluded Coverage		Relevant Coverage
$150,000	–	**$50,000**	=	**$100,000**

The imputed income associated with the $100,000 of covered group-term life insurance would be calculated as follows:

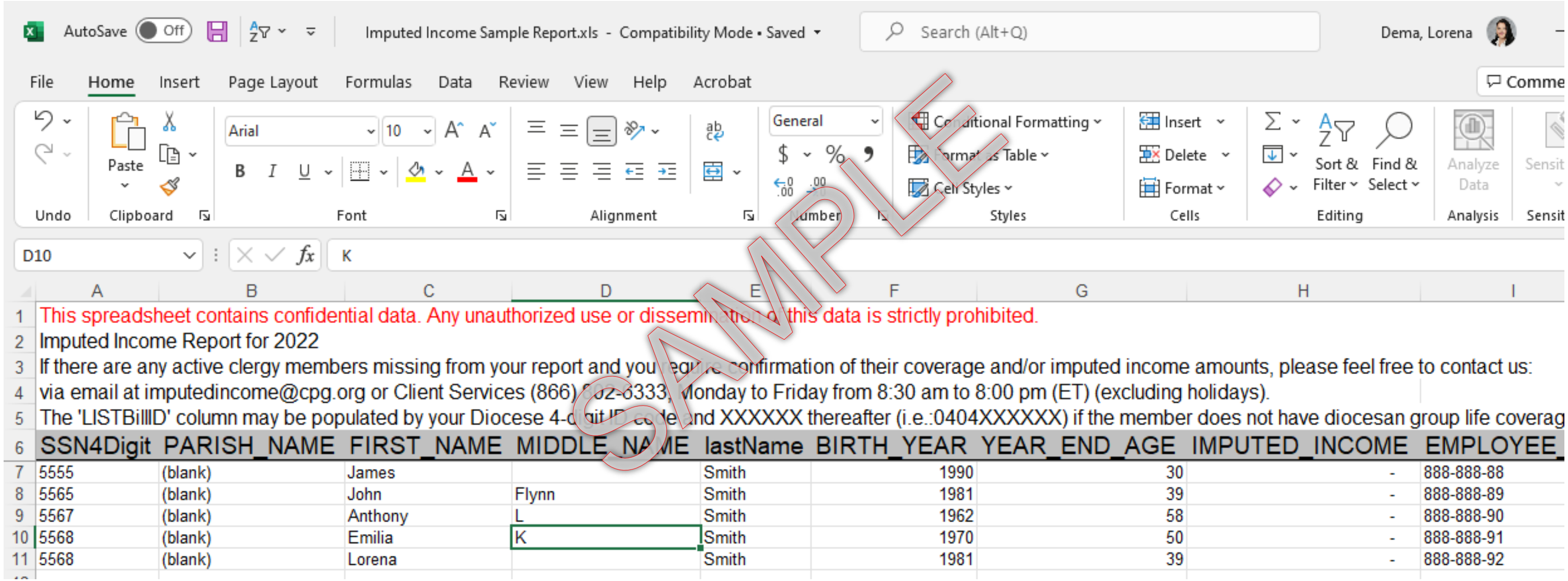
1. Obtain the **monthly** cost of $1,000 of coverage for a 46-year-old from the chart **= .15**
2. Multiply the monthly cost x 12 to obtain the annual cost* **.15 x 12 = $1.80**
3. Multiply the annual cost by each $1,000 of excess group-term life insurance **100 x $1.80 = $180.00**
   Imputed Income Total

Form W-2 Imputed Income Reporting


22222
Void
a Employee's social security number
For Official Use Only ►
OMB No. 1545-0008
b Employer identification number (EIN)
1 Wages, tips, other compensation
2 Federal income tax withheld
c Employer's name, address, and ZIP code
3 Social security wages
4 Social security tax withheld
5 Medicare wages and tips
6 Medicare tax withheld
7 Social security tips
8 Allocated tips
d Control number
9
10 Dependent care benefits
e Employee's first name and initial
Last name
Suff.
11 Nonqualified plans
12a See instructions for box 12
13 Statutory employee
Retirement plan
Third-party sick pay
12b
14 Other
12c
C
12d
f Employee's address and ZIP code
15 State
Employer's state ID number
16 State wages, tips, etc.
17 State income tax
18 Local wages, tips, etc.
19 Local income tax
20 Locality name

Imputed Income is reported on Form W-2 in Box 1, Box 12 with a code C and is **not eligible for the clergy housing allowance** and may be subject to SECA tax. In addition, for lay employees, this amount must be included in Boxes 3 and 5 and is subject to FICA tax as well.

Imputed Income Reports (cont'd)



This spreadsheet contains confidential data. Any unauthorized use or dissemination of this data is strictly prohibited.

Imputed Income Report for 2022

If there are any active clergy members missing from your report and you require confirmation of their coverage and/or imputed income amounts, please feel free to contact us:

via email at imputedincome@cpg.org or Client Services (866) 802-6333, Monday to Friday from 8:30 am to 8:00 pm (ET) (excluding holidays).

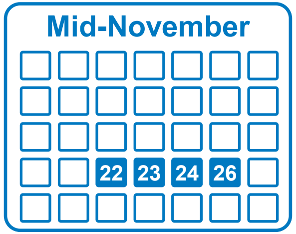
The 'LISTBillID' column may be populated by your Diocese 4-digit ID code and XXXXXX thereafter (i.e.:0404XXXXXX) if the member does not have diocesan group life coverag

SSN4Digit	PARISH_NAME	FIRST_NAME	MIDDLE_NAME	lastName	BIRTH_YEAR	YEAR_END_AGE	IMPUTED_INCOME	EMPLOYEE_
5555	(blank)	James		Smith	1990	30	-	888-888-88
5565	(blank)	John	Flynn	Smith	1981	39	-	888-888-89
5567	(blank)	Anthony	L	Smith	1962	58	-	888-888-90
5568	(blank)	Emilia	K	Smith	1970	50	-	888-888-91
5568	(blank)	Lorena		Smith	1981	39	-	888-888-92

Imputed Income Reports (cont'd)

- Supply imputed income amount to the parishes in your diocese
- Parishes can include this amount on employee's Form W-2
- Data based on employee coverage through December 31
- Data compiled in November allows reports to be ready by December
- Changes made after December invoice must be adjusted using the IRC Section 79 chart

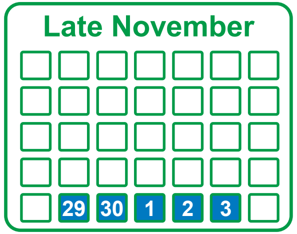
2022 Communications / Correspondence



FYI Letter:

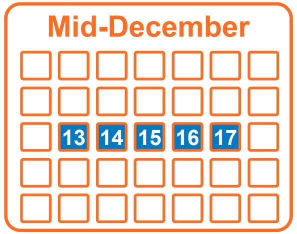
All Diocesan Administrators (via email):

- Advising Imputed Income reports will soon be available



***Imputed Income Notification*: All Diocesan Administrators (via email):**

- Advising Imputed Income Reports available: 12/1/22 via MAP
- Reviewing the summary of Imputed Income 2022
- IRC Section 79 Chart

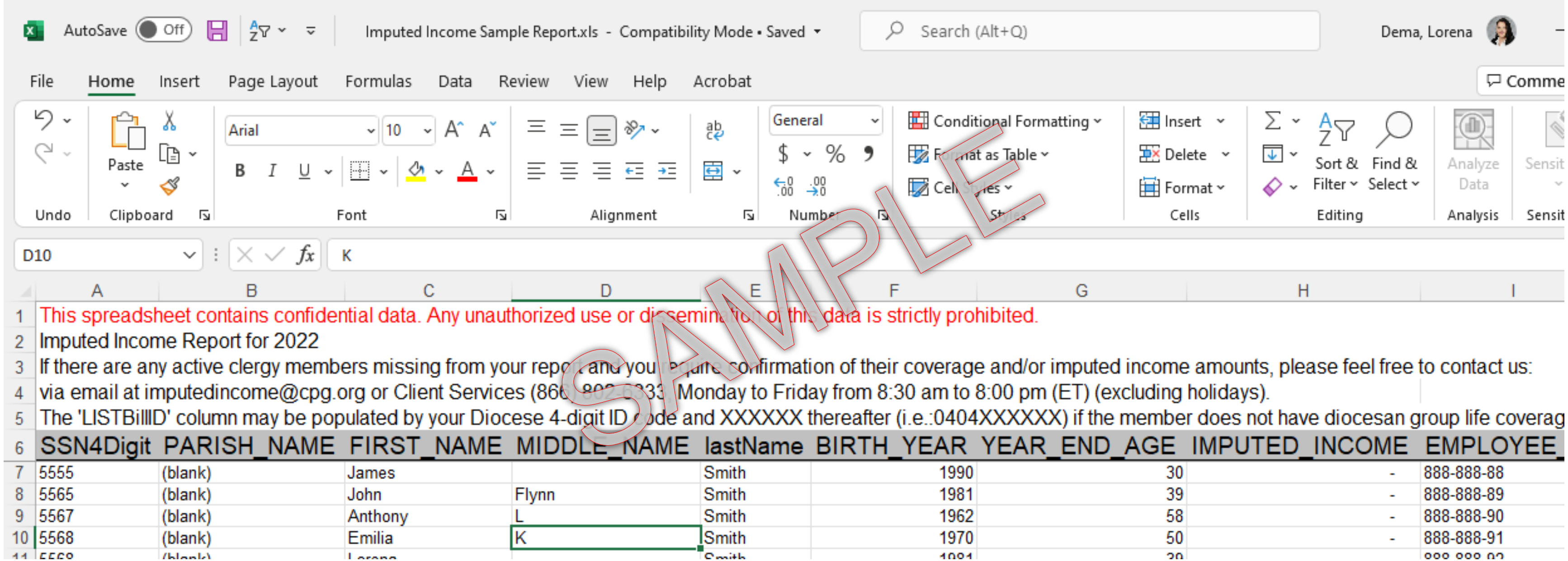


Personalized Letter with Imputed Income total to clergy (via mail)

- Summary of Imputed Income 2022
- Website link to IRC Section 79 Chart

Imputed Income Report 2022

Available December 1, 2022



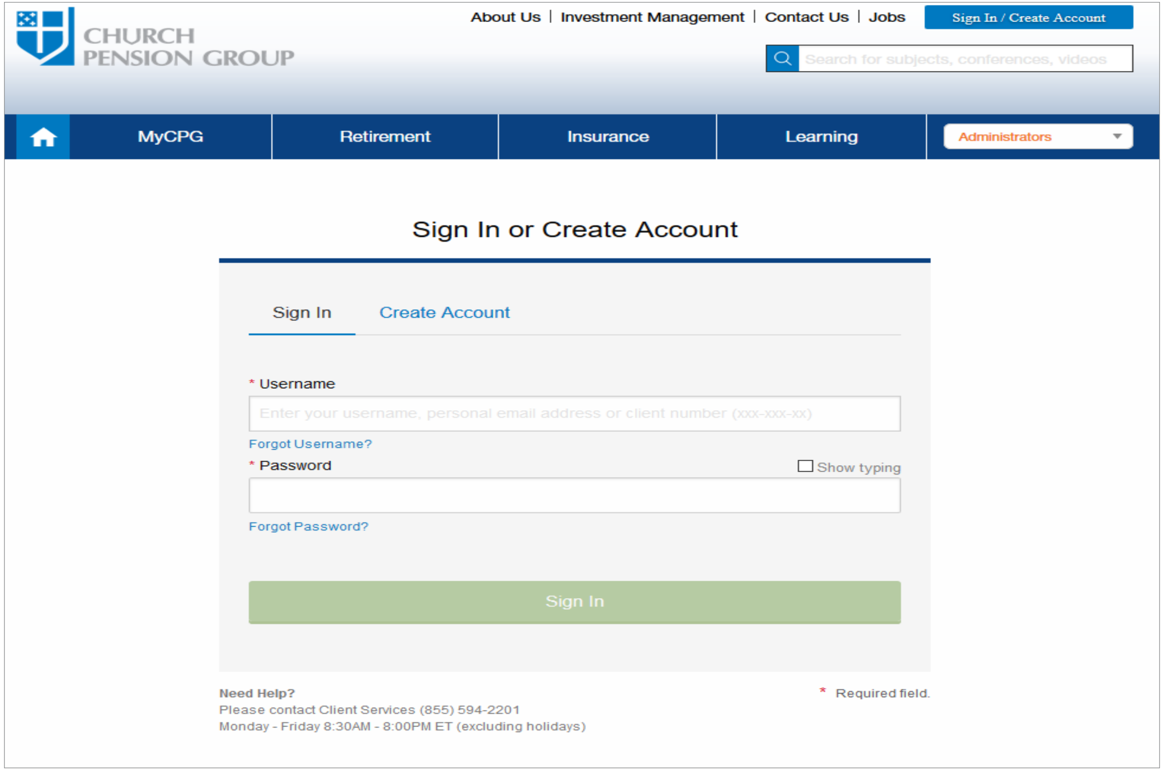
If you have questions concerning Imputed Income reporting, please send them to: ImputedIncome@cpg.org

What is Excluded in the Imputed Income Reports?

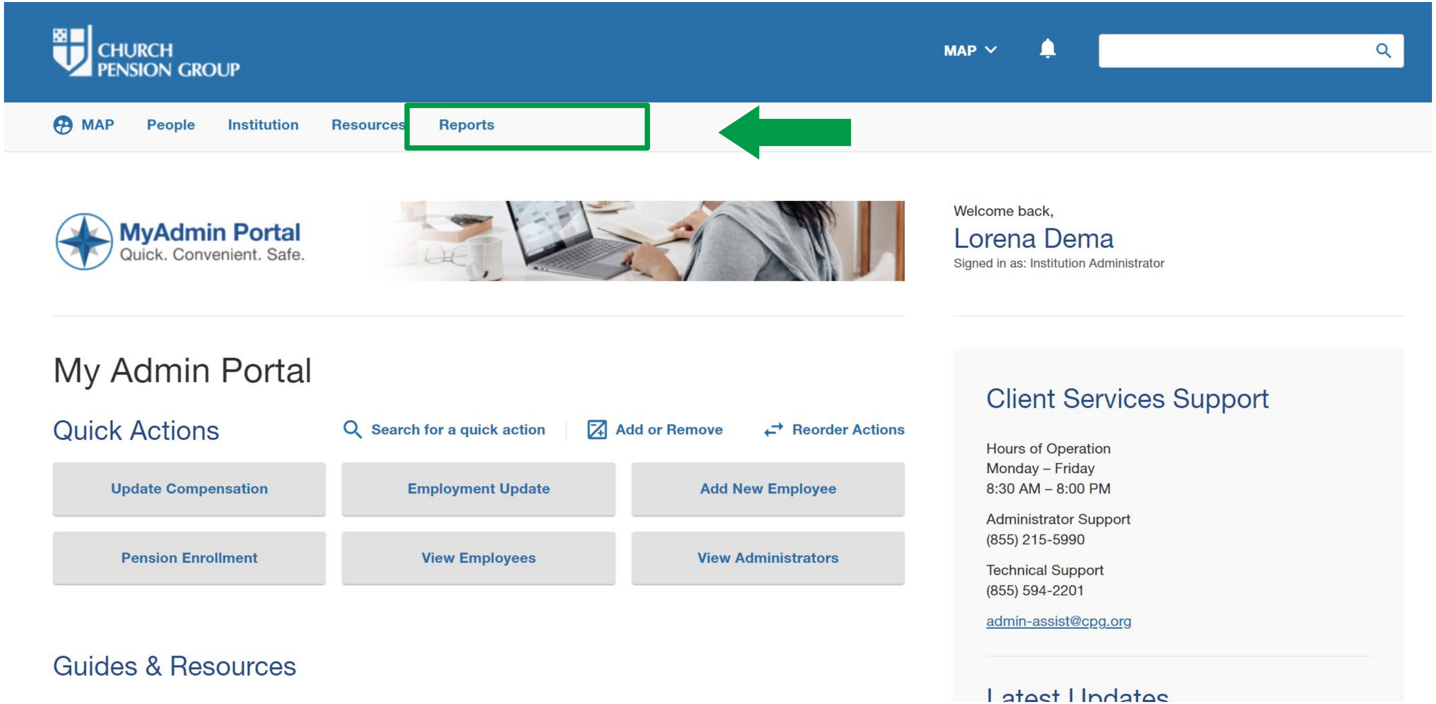
- Any additions, changes to an employer (listbill) or terminations made after Tuesday, November 1st, 2022, for the December 2022 invoice

- **Additional group-term life insurance benefits offered outside of those offered by CPF through Church Life:**
  - Only information we have at CPF/Church Life is calculated
  - Imputed Income from non-CPF/Church Life Group-term life insurance must be independently calculated and then added to the imputed income provided by CPF/Church Life and reported on Form W-2

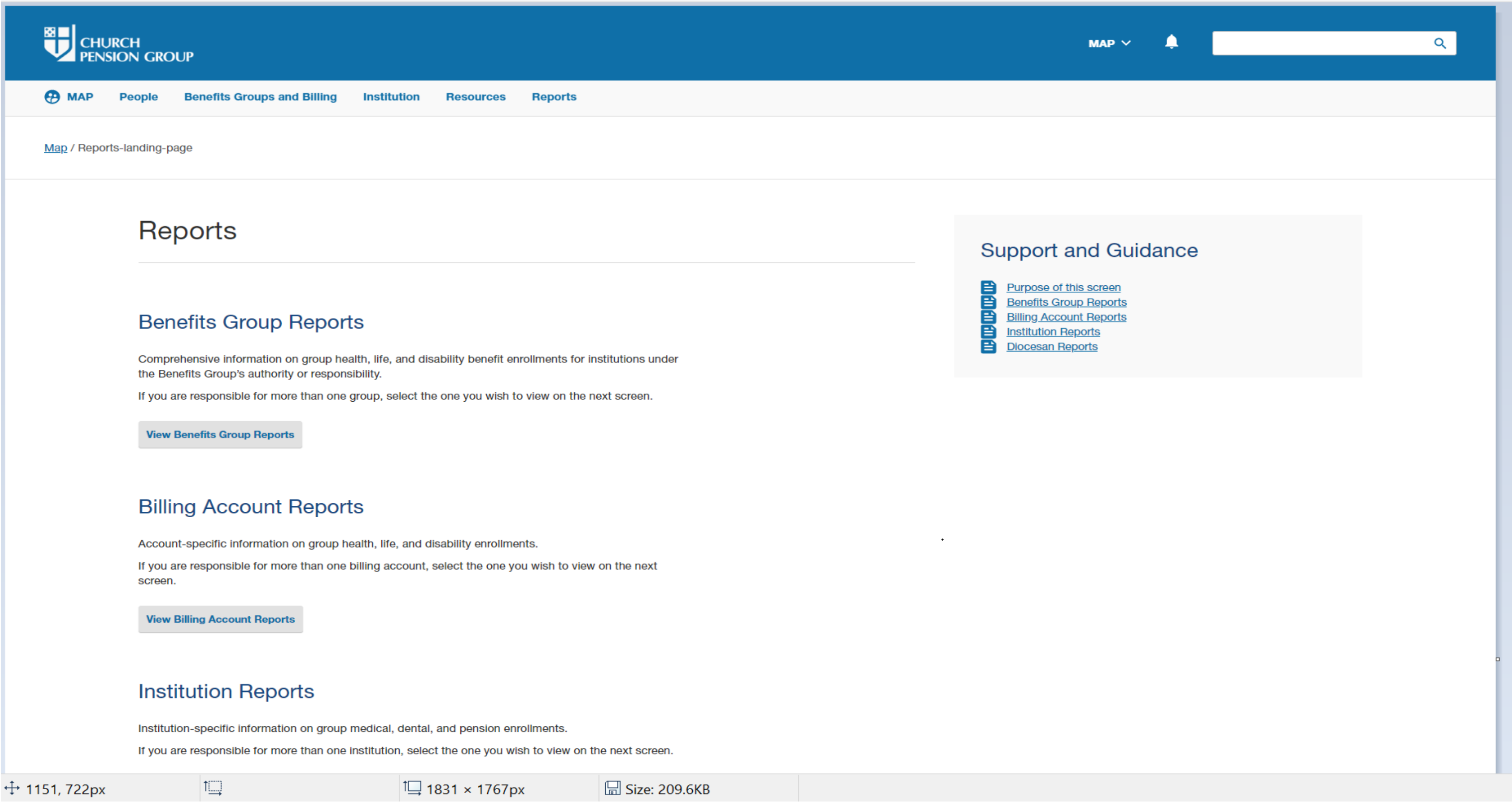
My Admin Portal (MAP)



My Admin Portal (MAP)



MAP – Admin Landing Page


CHURCH PENSION GROUP

MAP

MAP People Benefits Groups and Billing Institution Resources Reports

Map / Reports-landing-page

Reports

Benefits Group Reports

Comprehensive information on group health, life, and disability benefit enrollments for institutions under the Benefits Group's authority or responsibility.

If you are responsible for more than one group, select the one you wish to view on the next screen.

View Benefits Group Reports

Billing Account Reports

Account-specific information on group health, life, and disability enrollments.

If you are responsible for more than one billing account, select the one you wish to view on the next screen.

View Billing Account Reports

Institution Reports

Institution-specific information on group medical, dental, and pension enrollments.

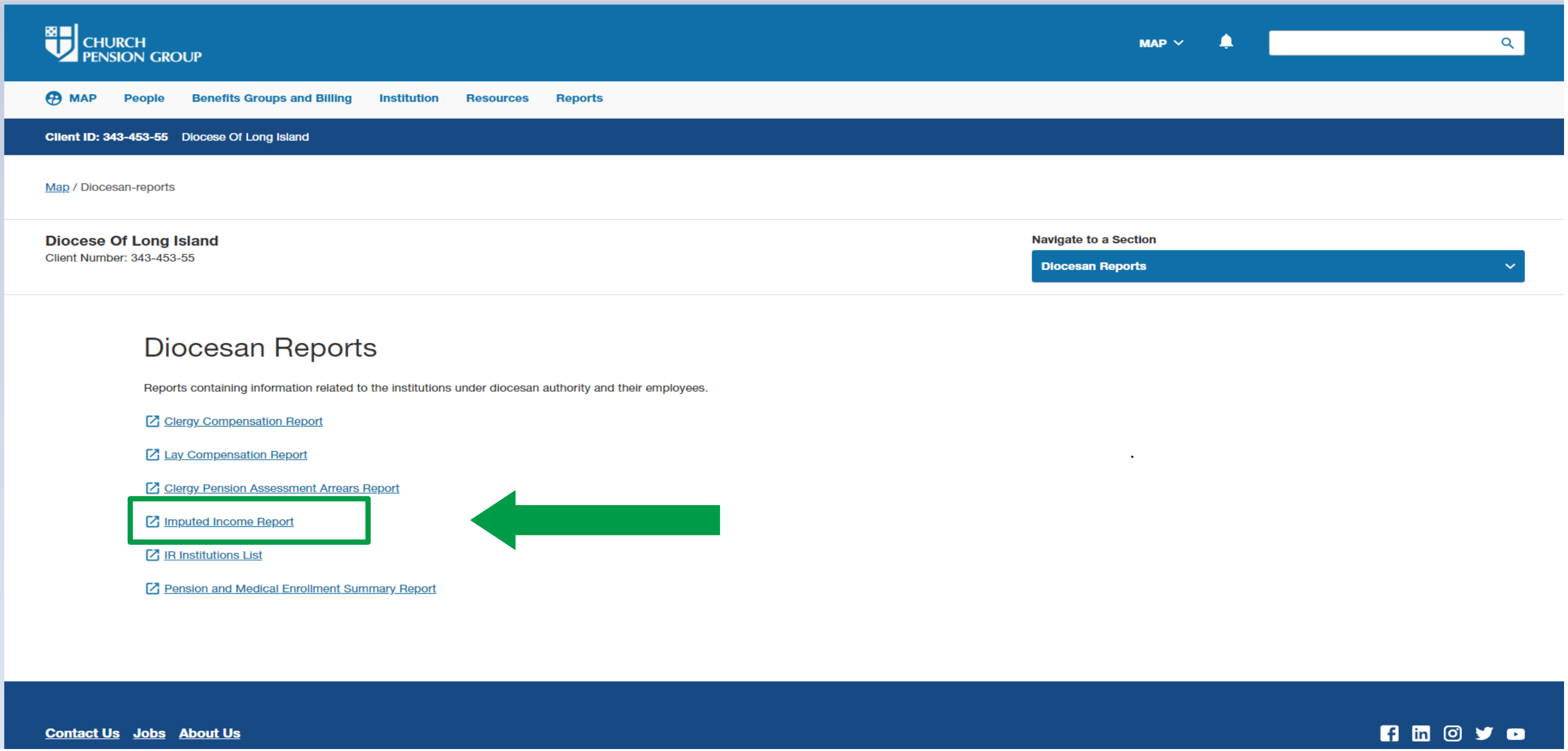
If you are responsible for more than one institution, select the one you wish to view on the next screen.

Support and Guidance

- Purpose of this screen
- Benefits Group Reports
- Billing Account Reports
- Institution Reports
- Diocesan Reports

1151, 722px 1831 × 1767px Size: 209.6KB

My Admin Portal (MAP)



Thank you!

For your participation and feedback.

Important Disclosures

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Church Life Insurance Corporation, NAIC No. 61875, a New York life insurance company, with its home office located at 19 East 34th Street, New York, New York 10016 ("Church Life"), offers group and, in certain circumstances, individual life insurance and annuities to clergy and lay employees, and their families, in the service of the Episcopal Church. Product availability and features may vary by state, and products may not be available in all states. Church Life is not licensed in all states. Any and all guarantees by Church Life are based on and expressly subject to the claims-paying ability of Church Life. The Church Pension Fund does not guarantee the payment of principal of or interest on any Church Life insurance policy or annuity contract. Information and descriptions of products and services are provided solely for general informational purposes and are not intended to be complete descriptions of, or to create a contract or an offer to provide, coverage. For complete details of coverage, including exclusions, limitations and restrictions, please see the actual life insurance policy or annuity contract. If any description of a Church Life product conflicts with the terms of the actual life insurance policy or annuity contract, then the terms of such life insurance policy or annuity contract will govern.