For a Leader
by John O'Donohue from
To Bless the Space Between Us

May leadership be for you
A true adventure of growth.
The Vestry
A room or building attached to a church, used as an office and for changing into ceremonial vestments.

Bishop’s Committee
Within a Mission congregation, the Bishop shall annually appoint a Bishop’s Committee which shall represent the Bishop in the financial management of the mission during the year. The Bishop shall designate one member of the committee as warden.

Parish / Mission
- Rector
- Vestry
- Senior Warden
- Junior Warden
- Limited to three year term per election. (Must have a full year break to serve again.)
- Vicar
- Bishop’s Committee
- Bishop’s Warden
- Junior Warden
- Eligible to serve year-to-year. (Some feel it is a lifetime appointment, however the Bishop can discontinue the appointment at any time.)
Responsibilities

Vestry members are legal representatives and agents of a parish, charged with specific responsibilities by the canons of The Episcopal Church. They share leadership responsibilities with the Rector. (That is why it is important to be insured with a carrier that understands church polity and D&O coverage.)

Responsibilities

– Among the many hats that the church must wear, those of the business world are increasingly important.
– The interface of the church with the legal and financial systems is ever more complex and often unforgiving.
– Canons assign responsibility to the vestry.
– Clergy and staff must often monitor compliance with the law.

Resources

– Canons of The Episcopal Church
– Constitution and Canons – Episcopal Diocese of West Texas
– Manual of Business Methods in Church Affairs
Vestry Leadership

Leaders that are called to be Vestry/Bishop’s Committee members should operate as the eyes and ears of the Rector/Vicar. In consensus with the Rector/Vicar, they will formulate ways to help the congregation participate in God’s mission as is appropriate in that particular church and that particular community.

Vestry Leadership

– Vestry/Bishop’s Committee Members have a fiduciary responsibility to the congregation, the Rector/Vicar, and the Bishop.
– Consensus Building
– Discernment Process vs. Voting

Vestry Leadership

– Keep in mind that a vestry leader is a role as a minister, a vestry should help lead the congregation and help them live out their own discipleship and participate in God’s mission.
– Vestry members should call on others to participate in the ministries of the church.
– Vestry members are not intended to “do” all the ministries of the church.
If you believe in the Mission and Ministry of your congregation, are you invested in making sure that leading by example with your time, talent and financial resources?

- Deeper understanding of:
  - Money
  - Time
  - Talent (Gifts for Ministry)
- Are you being an agent to empower your congregation to do more for God’s Mission?
- Examine your own spiritual health
  - Spiritual Health of Congregational Leaders
  - Spiritual Health of Clergy
- How do you interpret the budget on paper to actual ministry on the ground?

Living Out Stewardship as a Leader

Ephesians 4:11-12
The gifts he gave were that some would be apostles, some prophets, some evangelists, some pastors and teachers, to equip the saints for the work of ministry, for building up the body of Christ.

Steward
- Styward – keeper of the sty
- Stiward/Stiweard
- Keeper of the house
- Guardian of the lord’s house
- A person who manages the property or affairs
- Chief administrator of a medieval manor
Stewardship: All that we do, with all that we have, all of the time.

– The Vestry’s Canonical Duties
  – Provisions for payments of Diocesan Apportionment
  – Provisions for payment of Church Pension Fund assessments.
  – Comply with the Canons of the Church in regards to audits.
  – Keep full and accurate accounts in approved bookkeeping system (Canon 19, Section 4)

– Being Good Stewards
  – Empowering and serving the mission of the Church
  – Ensuring the Trust of the congregation
  – Safeguarding God’s Children/People
  – Managing Well God’s Resources
  – Rendering our Facilities and Activities Safe

Financial Reporting

– Statement of Financial Position (Balance Sheet)
  – Assets
  – Liabilities
  – Net Assets – Permanently Restricted Funds, Temporarily Restricted Funds, and Unrestricted Funds
– Statement of Activities (Income Statement)
**Financial Reporting**

- Understand how to read the financial report
- Make sure that the reports are provided to the vestry and in the case of a Mission congregation, provided to the Bishop’s office
- Ask Questions! – There are no dumb questions.

**Diocesan Apportionment**

Apportionment dollars fund mission & ministry that congregations could not carry out or participate in on their own or by themselves.
- The apportionment formula is based on the three (3) year average of a church’s “Total Operating Revenues.”
- This average is multiplied by a percentage factor determined by the amount of the average Revenue.
- The percentages range from 10% to 18%.

**Diocesan Apportionment**

- Under $100,000 – 10%
- $100,000 to $200,000 – 12%
- $200,001 to $300,000 – 14%
- $300,001 to $500,000 – 15%
- $500,001 to $750,000 – 17%
- Over $750,000 – 18%
The Parochial Report

- Report of membership, baptisms, communicants, services and finances
- Total Operating Revenue used to calculate annual apportionment
- Supplemental Pages
  - Stewardship
  - Salaries
  - Certificates of Insurance
  - Scheduled Audit Dates

The Audit

- Annual Audits are required by the Canons of The Episcopal Church for all parishes, missions and other institutions. (Episcopal Schools)
- Purpose is to assure financial statements are fairly stated and internal controls are in place.
- Designed to protect the assets of the organization as well as the people handling those assets.

The Audit

- Audit by Committee
  - Less than $600,000
- Compilation by CPA under ASC 958
  - $600,001 to $900,000
- External Review by CPA
  - $900,000 to $1,200,000
- Audit by CPA
  - Over $1,200,001
Clergy Discretionary Funds

– Canon III.9 The Discretionary Account is not to be used for personal benefit, that is, used for items not carrying out the Mission of the Church. Funds may not be used for personal or family benefit, clothing, entertainment, or basic living expenses.
– Failure to use properly can lead to the fund being declared income for the clergy and, therefore, taxable and pensionable.

Clergy Discretionary Funds

– Vestries should prescribe use consistent with the purpose of the church (e.g. the needs of the world)
– Use for personal items and uses must be prohibited
– The fund is the property of the church, therefore, when the priest leaves, funds remain with the church
– Should be audited annually as part of the audit as appropriate for your congregation

Clergy Discretionary Funds

– Bank account in the name of the church
– Activity to be included in the Church’s Financial Statements
– Intended to be used for such pious and charitable uses as the Rector/Vicar determine
### Clergy Discretionary Funds – Two Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Church Operating Account</strong></td>
<td>All gifts made to the fund and all expenditures from the fund are handled from the church operating account.</td>
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<tr>
<td><strong>St. Swithin’s Discretionary Account</strong></td>
<td>Approved by Vestry. All gifts to the fund are deposited in the general account and then transferred into the discretionary account. Bank statements are sent to someone other than the Rector/Vicar, who should verify deposits and checks against written backup.</td>
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### Property & Liability Insurance

- The canons require that buildings and contents be “adequately insured.”
- A careful review of risks and the various types of insurance available should be made annually.
- We strongly urge all congregations to be insured through the Church Insurance Company of Vermont - CICVT

### Property & Liability Insurance

- Property – Building and Contents – Flood & Terrorism
- Liability – Directors & Officers, Employee Benefits, Employment Practices, Auto
- Worker’s Compensation – Diocesan Program or stand alone
- Fidelity Bond – Employee/Volunteer theft
They can sue us? (D & O Insurance)

Property & Liability Insurance

- Sexual Misconduct Liability – Minimum $1,000,000/occurrence; $2,000,000 aggregate
- Ordinance and Law – compliance
- Equipment Breakdown
- Umbrella Liability - $1,000,000 minimum
- Vehicle – Owned, non-owned and hired
- Youth Activity/Day Care Insurance – accident insurance, medical coverage – available from CICVT

Safeguarding Prevention of Sexual Misconduct

- Safeguarding God's Children
- Safeguarding God's People
- Safeguarding Online
Lay Pension System (LPS)

- Resolution A138 and the related Canon passed by the 76th General Convention established a Church-wide Lay Employee Pension System to be administered by the Church Pension Fund.
- Employers who are under the authority of the Church and who have eligible lay employees (employees scheduled for at least 1,000 hours of compensated work annually) must provide those lay employees with a pension.
- Doing so is a matter of Canon Law.
- Effective Date January 1, 2013.

Lay Pension System

Employers are required to offer a pension benefit to employees scheduled to work or working 1,000 hours or more a year and are compensated.

Two Types of Lay Pension Plans
- Defined Benefit Plan (DB)
- Defined Contribution Plan (DC)

Defined Benefit Plan
- Employer will contribute not less than 9% of the lay employee’s compensation.

Defined Contribution Plan
- Employer will contribute not less than 5% of the lay employee’s compensation.
- Employer will also match lay employee contributions dollar for dollar up to another 4% of compensation.
- Employer has the option of making higher base contributions provided the combination of employer’s base and matching contribution equals at least 9%.
**Denominational Health Plan (DHP)**

Clergy and Lay Employees who are regularly scheduled to work 1,500 hours or more per year (30 hours per week), are required to comply with Resolution A177 which states that medical benefits must be solely provided through the Episcopal Church Medical Trust which is administered by the Church Pension Group by January 1, 2013.

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**Denominational Health Plan (DHP)**

**Parity Requirement**

Parity refers to the fact that the diocesan policy regarding medical benefits and cost-sharing must be the same for all eligible clergy and lay employees scheduled to work 1,500 hours or more per year.

In other words, all full-time clergy and lay employees must receive the same minimum level of funding – such as a percentage of the premium cost, a flat dollar amount, or a coverage level (i.e. single, family, etc.) for medical benefits.

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**Financial Fine Points for Vestries & Bishop’s Committees**

- Canonical Duties
- Financial Reporting
- Apportionment
- Parochial Reports
- Audits
- Clergy Discretionary Accounts
- Property & Liability Insurance
- Safeguarding
- Lay Pension System
- Denominational Health Plan

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I have always wanted to know about ________?
Your Packet

– Canon 19 The Parish Vestry
– Canon 21 Alienation or Encumbrance of Real Estate
– Manual of Business Methods in Church Affairs – Index
– Apportionment Letter
– Church Insurance Information
– Safeguarding
– Church Pension Group
– Lay Pension System (LPS)
– Medical Insurance Policy
– Episcopal Church Foundation in West Texas

Thank you for serving your congregation!

A General Thanksgiving, BCP pg. 836

Accept, O Lord, our thanks and praise for all that you have done for us. We thank you for the splendor of the whole creation, for the beauty of this world, for the wonder of life, and for the mystery of love.

We thank you for the blessing of family and friends, and for the loving care which surrounds us on every side.

We thank you for setting us at tasks which demand our best efforts, and for leading us to accomplishments which satisfy and delight us.

We thank you also for those disappointments and failures that lead us to acknowledge our dependence on you alone.
Above all, we thank you for your Son Jesus Christ; for the truth of his Word and the example of his life; for his steadfast obedience, by which he overcame temptation; for his dying, through which he overcame death; and for his rising to life again, in which we are raised to the life of your kingdom.

Grant us the gift of your Spirit, that we may know him and make him known; and through him, at all times and in all places, may give thanks to you in all things. Amen.

Questions?