

## **The Diocese of New Jersey**

Peter J. Hausman, Treasurer

*To: Clergy, Lay Deputies and Alternates to the 220<sup>th</sup> Convention of the Diocese of New Jersey*

*From: Peter Hausman, Treasurer*

*Amendments to the Canons of the Diocese of New Jersey*

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Dear Friends,

Following this memorandum you will find proposed amendments to the Canons of the Diocese of New Jersey that will conform the Canons to the recommendations found in the Final Report of the Task Force on Finances as they were approved by the Diocesan Convention in March, 2003. Proposed deletions to the Canons are noted with a ~~strike through~~, proposed additions with an underscore.

Having submitted these amendments to the Standing Committee on Constitution and Canons in accordance with Canon 75, Section 1, I will be offering them to this Convention as a substitute for the canonical amendments that are presented in Part 1 of the Report of the Standing Committee on Constitution and Canons.

In Christ Jesus,

Peter Hausman  
Treasurer

# THE DIOCESE OF NEW JERSEY

PETER J. HAUSMAN, TREASURER

## CANON 14

### Diocesan Budget

SECTION 1. There shall be a Budget for the Diocese for each calendar year. The purpose of the Budget is to enable the Diocese to: carry on ministries, provide support to the Diocesan Congregations, meet its obligation to the national Episcopal Church, and finance its administration.

SECTION 2. Each Diocesan Budget shall be comprised of: anticipated income from ~~Voluntary~~ Fair Share Pledges by each Diocesan Congregation and other sources as applied to line item appropriations, appropriations of money to be spent for a particular purpose or group of purposes identified as a line item, a comparison of the appropriation with actual prior year expenditures for that line item, a comparison of income items with actual income for the prior year, and an appropriate narrative explanation for each appropriation.

SECTION 3. Appropriations shall include but not be limited to: support for Diocesan Congregations, grants, employee compensation and benefits required by canon or otherwise, taxes, insurance, utilities, maintenance, the purchase or lease of equipment, the improvement of ~~Cathedral~~ Diocesan House and other property owned or managed by the Diocese, and other necessary overhead expenditures. Appropriations not spent during the calendar year, or required as of the end of any year to be spent in the future for outstanding liabilities, shall not be carried over or considered authorized to be spent in a succeeding year, without specific approval of the Diocesan Council.

SECTION 4. At each annual meeting in March, the Convention shall adopt a Preliminary Diocesan Budget for the ensuing calendar year. In January of that ensuing year, the Diocesan Council may change the Preliminary Diocesan Budget and will adopt a Revised Preliminary Diocesan Budget. The Convention in March of that ensuing year may further modify the Revised Preliminary Diocesan Budget and shall adopt such Budget as the Affirmed Diocesan Budget for the current calendar year.

SECTION 5. The financial offices of the Diocese will ~~request~~ calculate a ~~suggested~~ Voluntary Fair Share Pledge ~~as determined under~~ in accordance with Canon 16 ~~from~~ for each Diocesan Congregation which, when combined with other sources of revenue and subject to the provisions of Canon 15, Section 5, will fund the appropriations in the Preliminary Diocesan Budget.

SECTION 6. Each Diocesan Congregation's ~~suggested~~ Voluntary Fair Share Pledge shall be shown in and be a part of the Preliminary Diocesan Budget. The actual ~~Voluntary Fair Share~~ Pledges received from each Diocesan Congregation shall be shown in and be a part of the Revised Preliminary Diocesan Budget. ~~A projection of Pledge payments shall be shown in and be a part of~~ and the Affirmed Diocesan Budget.

SECTION 7. As provided in Canon 15, Section 6, Diocesan funds shall be expended through the Chief Financial Officer subject to the supervision of the Diocesan Council.

SECTION 8. In the materials provided to the members of Convention the Diocese shall provide ~~an unaudited~~ a balance sheet, which shows the assets and liabilities of the Diocese as of both the beginning and the end of the most recent calendar year. The amount of cash and investment type assets shall be

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shown for the operating surplus of the Diocese and for the major trust funds, memorials or other categories of designated monies which have been established canonically or by practice. The fair market value of investments or reinvestments held by each fund, trust or account holding designated monies at year-end shall be disclosed.

SECTION 9. A copy of the Diocesan audited financial statements for the calendar year ended prior to the Convention and the related management letter prepared by the independent public accountant engaged by the Diocese shall be sent to any member of the Convention, when available ~~subsequent to the Convention~~, upon that member's request.

SECTION 10. Each Diocesan Congregation shall identify its rector or vicar and the treasurer of that Congregation ("Identified Representatives") to the Chief Financial Officer of the Diocese. Whenever required under the Canons, or by operating procedures, mailings shall be sent to each Identified Representative.

## CANON 15

### **The Finance and Budget Committee and the Budget Process**

SECTION 1. There shall be a Finance and Budget Committee of the Diocese consisting of the Treasurer elected by the Convention, two members appointed annually by the Diocesan Council, one of whom is a member of the Council, and nine members elected by Convention. The term of office for members of the Finance and Budget Committee shall be three years, provided, however, that there shall be three classes in the nine elected members for the initial Committee so that three members are elected in each subsequent year. The election process shall determine which persons will serve less than a full three-year term under this rule. Those persons receiving the most votes shall enjoy the longer terms. If a member should fail to serve out his or her term, the Committee shall elect a replacement member to serve until the next annual meeting of the Convention when a member shall be elected by the Convention to fill the unexpired term. The Chair of the Committee shall be the Treasurer. The Ecclesiastical Authority may designate members of the staff to assist the Committee who may speak at all Committee meetings but shall have no vote.

SECTION 2. The duty of the Finance and Budget Committee shall be to assist the Diocesan Council in all phases of the preparation of the Diocesan Budget. The Committee shall work in consultation with the Diocesan Council, the persons who carry on the ministries of the Diocese, the Bishop, the Chief Financial Officer of the Diocese and other members of the Bishop's staff. The Committee may also consult with the Audit Committee of the Diocese, the Trustees of the Diocesan Trust Funds, other committees of the Diocese, and such others as it deems appropriate. The duty of the Finance and Budget Committee shall further be to maintain general supervision over the financial affairs of the Diocese in the following ways:

- a. To designate the security to be given by the Chief Financial Officer of the Diocese, and the Treasurers of the Convention and of all Boards, Trusts, Funds and Committees over which the Convention has authority;

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- b. To designate or approve the depositories of the funds, securities, and valuable property in the custody of such Treasurers;
- c. To secure simplicity, accuracy, and uniformity in the collection, distribution and accounting of all funds and accounts of any diocesan or congregational entities including discretionary accounts and funds;
- d. To advise the Bishop, officers of the Diocese and the Diocesan Council in financial and business matters;
- e. To designate the persons who are authorized to sign checks or otherwise make withdrawals from all diocesan accounts.

The Finance and Budget Committee shall at all times comply with the provisions of Title I, Canon 7, Sections 1 and 2 of the Canons of the Episcopal Church.

~~SECTION 3. The Affirmed Diocesan Budget for the year ended December 31, 1996 (the "1996 year") shall be established pursuant to the rules in subparagraphs (a) and (b) below and administered in accordance with Section 6 of this Canon 15:~~

~~(a) The 1996 Budget adopted by the Convention held in November 1995, as balanced by Diocesan Council based on Voluntary Pledges received, shall be considered the Affirmed Diocesan Budget for the 1996 year.~~

~~(b) The Budget adopted in November 1995 stated a "Fair Share" amount for each Diocesan Congregation. In response to the request of the Chief Financial Officer each Diocesan Congregation will advise the Chief Financial Officer of the amount of the "Fair Share" it will pay during 1996. This amount shall be that Congregation's Voluntary Pledge for 1996.~~

~~Each Diocesan Congregation shall pay its Voluntary Pledge for 1996 in quarterly payments remitted to the Chief Financial Officer of the Diocese pursuant to a Diocesan billing procedure on or before March 31, June 30, September 30 and December 31.~~

~~SECTION 4 3. The Preliminary Diocesan Budget for each year ended after December 31, 1996 shall be established pursuant to the rules in subparagraphs (a) through (f) below:~~

~~(a) On a date in January established by the Diocesan Council, the Finance and Budget Committee shall prepare and present to the Council a draft of the Preliminary Diocesan Budget for the ensuing year. The Preliminary Diocesan Budget shall include the suggested Voluntary Fair Share Pledge established under Canon 16, Section 1(a) and (b) for each Congregation.~~

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(b) ~~By January 24~~ The Diocesan Council, taking into consideration all information then available, shall adopt a proposed Preliminary Diocesan Budget for the ensuing year in which the appropriations ~~do not exceed~~ are equal to the anticipated ~~Voluntary~~ Fair Share Pledges and other sources of revenue which may be applied to appropriations.

(c) No later than January 31, the Diocesan Council shall mail a copy of the proposed Preliminary Diocesan Budget for the ensuing year to each member of the Convention. The Convention shall consider this Budget, make whatever changes it deems appropriate, and adopt a Preliminary Diocesan Budget for the ensuing year.

(d) No later than April 1, the Secretary of the Convention shall mail a copy of the Preliminary Diocesan Budget for the ensuing year adopted by the Convention to each Identified Representative. ~~Included in the mailing shall be a communication by the Bishop to each Congregation in support of the Preliminary Diocesan Budget for the ensuing year.~~

(e) By ~~September~~ October 1, the Chief Financial Officer of the Diocese shall mail to Identified Representatives a report on the Income Base of all Diocesan Congregations compiled from annual Parochial Reports for the prior year and will include in that mailing a pledge commitment form to be used by each Diocesan Congregation in submitting its ~~Voluntary~~ Fair Share Pledge for the ensuing year.

(f) No later than December ~~+~~ 31, each Diocesan Congregation shall advise ~~both~~ the Chief Financial Officer or the Treasurer and the Stewardship Committee of the amount of its ~~Voluntary~~ Fair Share Pledge to which it will be committing for the ensuing year.

Each Diocesan Congregation shall pay its ~~Voluntary~~ Fair Share Pledge in quarterly payments remitted to the Chief Financial Officer of the Diocese pursuant to a Diocesan billing procedure on or before March 31, June 30, September 30 and December 31 of the ensuing year.

SECTION ~~5~~ 4. The Affirmed Diocesan Budget ~~for each year ended after December 31, 1996~~ shall be established pursuant to the following rules and administered in accordance with Section 6 of this Canon 15:

(a) By December 31, the Chief Financial Officer of the Diocese shall provide the Finance and Budget Committee an accounting of the ~~Voluntary~~ Fair Share Pledges which have been paid by the Diocesan Congregations for the current year and the amount of ~~Voluntary~~ Fair Share Pledges made to which Diocesan Congregations have committed for the ensuing year. ~~The Finance and Budget Committee will then project the amount of Voluntary Pledges that it reasonably anticipates will be paid during the ensuing calendar year.~~

(b) On a date in January set by the Diocesan Council, ~~after considering the amount of Voluntary Pledges made for the current year,~~ the Finance and Budget Committee shall prepare and present

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to the Council a draft Revised Preliminary Diocesan Budget for the current year. ~~If the total amount of the Voluntary Pledges the Council anticipates will be paid, together with other sources of revenue for the current year is less than the total amount of appropriations in the draft Revised Preliminary Diocesan Budget, the Diocesan Council shall reduce the appropriations until~~ The total amount of the appropriations is in the Revised Preliminary Diocesan Budget shall be equal to the total amount of anticipated revenue from all sources, subject to the provisions of Section 5 of this Canon 15.

(c) On a date in January set by the Diocesan Council, the Diocesan Council shall adopt and promptly mail to each member of the Convention a Revised Preliminary Diocesan Budget for the current year.

(d) The March Convention shall consider the Revised Preliminary Diocesan Budget and make whatever changes it deems appropriate. The Revised Preliminary Diocesan Budget as adopted by Convention shall be the Affirmed Diocesan Budget for the current year.

(e) No later than April 1, the Secretary of the Convention shall mail a copy of the Affirmed Diocesan Budget for the current year to each Identified Representative.

SECTION 5. The portion of a Diocesan Congregation's Fair Share Pledge that is calculated under Canon 16, Section 1(c) ("the Pledge for New Work") shall not be expended from the Budget for the Diocese, except as provided in this Section. If this amount is not expended for the purposes defined herein in a particular year, it shall be accrued for such purposes in succeeding years.

(a) The Pledge for New Work shall be allocated toward new efforts in ministry that require an extended, long term commitment ("a Mission Project"). Mission Projects may include, but shall not be limited to new congregations, chapels, camps, conference and retreat centers, schools, hospitals, and other new religious, educational, medical and social, cultural and community welfare efforts and establishments.

(b) As an accompaniment to the Diocesan Budget, the Diocesan Council may propose a Mission Project to the Convention. Any such proposal shall include a description of the project and the ministry that it will provide, a plan for its completion and a budget that outlines the projected cost and the means of meeting it, and shall be presented to the Convention with the Preliminary Diocesan Budget and the Revised Preliminary Diocesan Budget. The Finance and Budget Committee shall assist the Diocesan Council in the preparation of the proposal.

(c) A majority vote of the Diocesan Convention approving a Mission Project shall be required before the Mission Project may be undertaken.

Other funds, including but not limited to bequests, endowment and trustee funds and funds from dedicated, restricted or special fund drives, approved in accordance with the allocating authority for such funds, may be combined with the Pledge for New Work to support a Mission Project.

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## SECTION 6.

(a) The Diocesan Council shall direct the Chief Financial Officer of the Diocese to make necessary expenditures during the first quarter of each calendar year until the Diocesan Budget for that year has been affirmed. The rest of the year, funds appropriated in accordance with the Affirmed Diocesan Budget for that year shall be expended through the Chief Financial Officer subject to the supervision of the Diocesan Council. The Diocesan Council shall monitor the finances of the Diocese throughout the course of the year to maintain a balanced budget. The total amount expended through the Affirmed Diocesan Budget in any year shall not exceed the total amount of the receipts, unless a deficit either has been approved by a majority vote of all members of the Diocesan Council to permit the Diocese to timely prepare its financial statements or has been authorized by the Convention.

(b) The Chief Financial Officer or the Treasurer shall have the authority to use funds appropriated for one purpose for another purpose specified in a different line item of the Diocesan Budget so long as the aggregate of all expenditures does not exceed the total expenditures provided in such Budget. The exercise of such authority shall be subject to the review and affirmation or disapproval of the Diocesan Council. This provision shall apply to all funds available for paying expenses contemplated in the Budget, including surplus funds, balances carried forward from previous years, reserves carried forward from previous years in support of line items, all funds received during the course of the year from sources enumerated in the Diocesan Budget and all funds received from other sources. The Diocesan Council by a majority vote of all members must approve in advance any expenditure of funds for new ventures or initiatives not contemplated in the Diocesan Budget construction and approval process.

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## CANON 16

### **Voluntary Fair Share Pledge**

~~SECTION 1. The Diocesan Council shall propose annually to Convention a giving percentage and the suggested Voluntary Pledge for the ensuing calendar year for each Diocesan Congregation, which shall be part of the proposed Preliminary Diocesan Budget for the ensuing calendar year.~~

SECTION 1. Each Diocesan Congregation shall be asked to support the Diocesan Budget with a Fair Share Pledge, which shall be determined as follows:

(a) A tithe, which shall be ten percent of each Diocesan Congregation's Income Base, shall be requested to support the basic obligations of the Diocese, which shall include the cost of supporting the Bishop, the diocesan staff and facilities, legal and insurance requirements, direct support payments to mission congregations, funding for social and ethnic ministries, gatherings of our Diocese and of the church, and an amount equal to a tithe of the Diocesan Budget to the Domestic and Foreign Missionary Society ("the National Church".) Each Diocesan Congregation shall pay its tithe unless for good cause prevented.

(b) An additional amount of each Diocesan Congregation's Income Base shall be requested to support the mission and ministry of the Diocese, which shall be equal to three percent of the amount of each Diocesan Congregation's Income Base that exceeds \$50,000, plus an additional three percent of the amount of each Diocesan Congregation's Income Base that exceeds \$100,000. Such mission and ministry shall include all programmatic activities and ministries that are not included in Section 1(a), support for the development of clergy, the amount by which the asking from the national church exceeds the amount allocated in Section 1(a), and such other initiatives as are approved by the Bishop and the Diocesan Council or by the Convention.

(c) An additional amount of each Diocesan Congregation's Income Base shall be requested to support new work in the Diocese, which shall be equal to one percent of the amount of each Diocesan Congregation's Income Base that exceeds \$100,000, and shall be dedicated to new work as described in Canon 15, Section 5.

~~SECTION 2. Each Diocesan Congregation's suggested Voluntary Pledge shall be calculated by applying the giving percentage to its Income Base. The Income Base shall be determined from the Congregation's annual Parochial Report filed in the prior calendar year. The Income Base shall include all income received by that Congregation for General Purposes as shown on its Report. However, the Income Base shall not include income received from the Diocese, and amounts spent for principal and interest on obligations for real property held for non-investment purposes.~~

~~SECTION 3. After considering the suggested Voluntary Pledge proposed by Diocesan Convention, information disseminated in accordance with Canon 15, Section 4(e) and the proposed Ministries of the Diocese, each Diocesan Congregation shall support the Diocesan Budget for the ensuing calendar year with a Voluntary Pledge. Each Diocesan Congregation shall communicate the amount of its Fair Share~~

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Pledge to which it is able to commit and pay its Fair Share Pledge in accordance with Canon 15, Section 4 3.

SECTION 4. Each Diocesan Congregation shall submit an annual Parochial Report for the prior year to the Diocese before ~~February~~ March 1. If a Congregation has not submitted the Report for the Council to use in making its determination of the suggested Voluntary Pledge, that Congregation's Income Base shall be estimated by the Council.

SECTION 5. There shall be a Congregational Support Team, which shall include one member each of the Diocesan Council, the Finance and Budget Committee, the Stewardship Committee, the Audit Committee, the Board of Missions and the Congregational Development Committee, or such successor entities as may be created in their stead, each selected by their respective committees for a one year term beginning upon their selection and continuing until a successor is selected. The Congregational Support Team may include such other members as requested by the canonical members and appointed by the Ecclesiastical Authority. The Congregational Support Team shall be empowered as follows:

- (a) The Congregational Support Team may meet with the Priest-in-Charge and the Vestry or Mission Committee of any congregation that has committed to less than the amount calculated under Section 1(a) ("the Tithe") in a particular year, at such congregation's request, and shall meet with the Priest-in-Charge and the Vestry or Mission Committee of any congregation that has committed to less than the Tithe for a second year within a five-year period. The purpose of such meeting or meetings shall be to assist the congregation in finding ways to increase congregational stewardship and reach the Tithe.
- (b) The Congregational Support Team may hear requests from any congregation for a review of the amount of their Fair Share Pledge, as communicated under Canon 15, Section 3(e), and shall have the authority to adjust such amount for good cause shown that the calculation is incorrect.
- (c) Members of the Congregational Support Team shall report to the Bishop and to their respective entities on the results of their efforts, making such recommendations as they find suitable for the policy of their respective entities, and facilitating such action as may be appropriate to assist the congregation in addressing the situation.

See also: ~~Canon 17, Section 3~~; Canon 15, Section 4