

Resolution #5 – Update to Canon 18 of Business Methods in Church Affairs

Resolution Title: Update to Canon 18 Of Business Methods in Church Affairs

- 1 RESOLVED that Canon 18 be updated as follows: In Section 1 (1) Sentence 1: The words "or a
2 Fiduciary Investment company," to be inserted after "or a Diocesan Corporation," and before "or
3 other agency...." updating the sentence to "Trust and permanent funds and all securities of
4 whatsoever kind shall be deposited with a Federal or State Bank, or a Diocesan Corporation, or a
5 Fiduciary Investment company, or other agency approved in writing by the Finance Committee
6 of the Diocesan Council, under an appropriate depository agreement, providing for at least two
7 signatures on any order of withdrawal of such funds or securities," and be it further
- 8 RESOLVED that in Section 1 (1), the following paragraph be added: "Congregations and
9 institutions that maintain invested funds shall have an investment policy. For funds invested
10 outside of the Trustees Fund, the Trustees investment policy may be used for guidance on
11 acceptable investment instruments. If donations and bequests of non-acceptable investment
12 instruments as identified by the recipient's investment policy are accepted, they should be
13 converted to cash or approved investment instruments immediately upon receipt."
- 14 RESOLVED that in Section 1 (5): Sentence 2: Substitute the word "examined" for "audited" and
15 "examining committee" for "audit committee", and delete the phrase "Finance Committee or
16 other appropriate diocesan authority" ending the sentence by adding the words "Parish Audit
17 guidelines of the Diocese," and be it further
- 18 RESOLVED that in Section 1 (5): Sentence 4: Substitute the word "examinations" for "audits"
19 and "examiners" for "auditors" and "examining committee" for "audit committee". The
20 redundant second "no" shall be removed from the phrase "and in no event, no later than"
21 rendering the phrase "and in no event, later than..."

Brief Explanation:

The Finance Committee recommends these updates to bring the canon into agreement with current practice and second, to support and encourage compliance with the canon.

Update 1: In actual practice, many parishes place some of their investments with investment companies other than the Trustees of the Diocese. Placing funds with fiduciary investment companies should be allowed for without special approval of the Finance Committee, which has not received a request for such approval in any member's memory.

Update 2: Churches, missions and institutions of the Diocese have authority to manage their own investments and set their own risk tolerance. The Diocese is requiring a clear investment policy be adopted by investing bodies, and recommending the extensive resources of the Trustees in identifying investment instruments that may exceed their risk tolerance level, which might currently include cryptocurrency, Non-fungible tokens, non-US currency, but which in our rapidly changing financial landscape, might be safe as houses tomorrow (except shorefront houses).

Update 3: The Audit Task Force has noted that examination by internal and peer committees, allowed by the diocese, is not strictly speaking an audit, and that many parishes do not need review at the level of a full audit. Further, the word audit can be intimidating to those who might be encouraged to participate in such a committee. This update is recommended to bring the canon into agreement with current practice. The Parish Audit Guidelines of the Diocese will supersede explicit permission of the Finance Committee or any other diocesan authority.

Update 4: This is a grammatical update to eliminate a double negative and clarify the meaning.

Supporting website links (if any): NA

Submitting individual or organization: The Finance Committee of Diocesan Council

Contact person: Julian Sheffield

Email address: treasurer@episcopalmaine.org

Phone number: 207-322-5298

Submission Questionnaire

Do you have an individual or organization co-sponsoring this resolution? No

Does this resolution have any budgetary impacts to the Episcopal Diocese of Maine (EDOM) Annual Budget? No

Apart from financial impact to the diocese, would implementing this resolution have any financial impact to our congregations? No

Does the action proposed by this resolution fall under the charge of an established diocesan committee, commission, council, or ministry? Yes

Please name the committee: Finance Committee

Have you communicated your proposed resolution to that group? Yes

Please tell us whom you have consulted within the applicable governing group: The whole Finance Committee, and the Audit Task Force of that committee

Does the group support this resolution? Yes

Who will be responsible to present and address questions regarding the resolution at town halls and at the convention? Julian Sheffield

Email address: treasurer@episcopalmaine.org

Phone number: 207-322-5298

Assuming passage, who is responsible for completing the action being resolved by this resolution? The Bishop's staff

If the resolution is adopted, how long do you plan on the action(s) being in effect? This is a permanent change.

Reporting on an adopted resolution's progress is required at the 2026 Convention. Who will be responsible for performing this task: NA

If you have documents that support your resolution, please attach them here: NA

For Delegate Reference: Current View of Canon 18

CANON 18 Of Business Methods in Church Affairs

In every Parish, Mission and Institution connected with this Diocese, the following standard business methods shall be observed:

Section 1 (1): Trust and permanent funds and all securities of whatsoever kind shall be deposited with a Federal or State Bank, or a Diocesan Corporation, or some other agency approved in writing by the Finance Committee of the Diocesan Council, under an appropriate depository agreement, providing for at least two signatures on any order of withdrawal of such funds or securities. But this paragraph shall not apply to funds and securities refused by the depositories named as being too small for acceptance. Such small funds and securities shall be under the care of the persons or corporations properly responsible for them.

Section 1 (2): Records shall be made and kept of all trust and permanent funds showing at least the following:

Source and date.

Terms governing the use of principal and income

To whom and how often reports of conditions are to be made.

How the funds are invested.

Section 1 (3): Treasurers and custodians, other than banking institutions, shall be adequately bonded; except treasurers of funds that do not exceed five hundred dollars at any one time during the fiscal year. Congregations who are not covered by the diocesan group coverage shall provide insurance certificates to the diocesan office showing the Diocese of Maine named as an additional insured.

Section 1 (4): Books of account shall be so kept as to provide the basis for satisfactory accounting.

Section 1 (5): All accounts of the Diocese shall be audited annually, by an independent Certified Public Accountant. All accounts of Parishes, Missions or other institutions shall be audited annually by an independent Certified Public Accountant, or independent Licensed Public Accountant, or such audit committee as shall be authorized by the Finance Committee or other appropriate diocesan authority. This includes discretionary funds (subject to confidentiality being maintained), memorial funds, and the funds of any guild or congregational entity.

All reports of such audits, including any memorandum issued by the auditors or audit committee regarding internal controls or other accounting matters, together with a summary of action taken or proposed to be taken to correct deficiencies or implement recommendations contained in any such memorandum shall be filed with the Bishop or Ecclesiastical Authority not later than 30

days following the date of such report, and in no event, no later than September 1 of each year, covering the financial reports of the previous calendar year. No parish may elect a new rector, nor will a Vicar or Priest-In-Charge be appointed until these reports have been filed.

Section 1 (6): All church property and liability coverage, including Directors and Officers, Umbrella, Worker's Compensation, Auto Non-Ownership, automobile, bonding and related coverage shall be covered under the diocesan group plan effective January 1, 2002. Those congregations not included in the diocesan group coverage through December 31, 2001, shall provide insurance certificates to the diocesan office showing the Diocese of Maine as an additional insured.

Section 1 (7): Copies of all accounts described in this Section shall be filed with the Finance Committee of the Diocesan Council, which shall report annually to the Convention of the Diocese upon its administration of this Canon.

Section 1 (8): The fiscal year shall begin January 1.

Section 2: No Vestry, Trustee, or other Body, authorized by Civil or Canon law to hold, manage, or administer real property for any Parish, Mission, or Institution, shall encumber or alienate the same Canons of the Diocese of Maine

any part thereof without the written consent of the Bishop and Standing Committee of the Diocese of which the Parish, Mission or Institution is a part.

Section 3: All real and personal property held by or for the benefit of any parish, mission or institution is held in trust for the Episcopal Church and this Diocese. The existence of this Trust, however, shall in no way limit the power and authority of the Parish, Mission, or Institution otherwise existing over such property so long as the particular Parish, Mission or Institution remains a part of the Diocese of Maine and subject to the Constitution and Canons of the Diocese of Maine and of the Episcopal Church.

For Delegate Reference: Proposed View of Canon 18

Proposed changes for CANON 18 in Resolution #5. Proposed omissions are ~~crossed out~~ and proposed additions are in **bold italic**.

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Congregations and institutions that maintain invested funds shall have an investment policy. For funds invested outside of the Trustees Fund, the Trustees investment policy may be used for guidance on acceptable investment instruments. If donations and bequests of non-acceptable investment instruments as identified by the recipient's investment policy are accepted, they should be converted to cash or approved investment instruments immediately upon receipt.

Section 1 (2): Records shall be made and kept of all trust and permanent funds showing at least the following:

- a) Source and date.
- b) Terms governing the use of principal and income.
- c) To whom and how often reports of conditions are to be made.
- d) How the funds are invested.

Section 1 (3): Treasurers and custodians, other than banking institutions, shall be adequately bonded; except treasurers of funds that do not exceed five hundred dollars at any one time during the fiscal year. Congregations who are not covered by the diocesan group coverage shall provide insurance certificates to the diocesan office showing the Diocese of Maine named as an additional insured.

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Section 1 (5): All accounts of the Diocese shall be audited annually, by an independent Certified Public Accountant. All accounts of Parishes, Missions or other institutions shall be ~~audited~~ ***examined*** annually by an independent Certified Public Accountant, or independent Licensed Public Accountant, or such ~~audit~~ ***examining*** committee as shall be authorized by the ~~Finance~~

~~Committee or other appropriate diocesan authority~~ **Parish Audit guidelines of the Diocese.** This includes discretionary funds (subject to confidentiality being maintained), memorial funds, and the funds of any guild or congregational entity.

All reports of such ~~examinations~~ **audits**, including any memorandum issued by the examiners ~~auditors or audit-examining~~ committee regarding internal controls or other accounting matters,

together with a summary of action taken or proposed to be taken to correct deficiencies or implement recommendations contained in any such memorandum shall be filed with the Bishop or Ecclesiastical Authority not later than 30 days following the date of such report, and in no event, ~~no~~ later than September 1 of each year, covering the financial reports of the previous calendar year. No parish may elect a new rector, nor will a Vicar or Priest-In-Charge be appointed until these reports have been filed.

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Section 3: All real and personal property held by or for the benefit of any parish, mission or institution is held in trust for the Episcopal Church and this Diocese. The existence of this Trust, however, shall in no way limit the power and authority of the Parish, Mission, or Institution otherwise existing over such property so long as the particular Parish, Mission or Institution remains a part of the Diocese of Maine and subject to the Constitution and Canons of the Diocese of Maine and of the Episcopal Church.