

# **The Episcopal Diocese of Massachusetts**

## Policy on Assessment Deferral

### Introduction

Each parish, mission and summer chapel in union with Convention is called dutifully to accept its share of the Diocesan expenses through an annual assessment. This canon sets forth the means by which these necessary costs may be apportioned among the parishes, missions and summer chapels in union with Convention. Canon 9, Sec.1, The Diocesan Assessment, Constitution and Canons of the Episcopal Diocese of Massachusetts.<sup>1</sup>

Annually, by the April 1 prior to the annual session of the Convention, the Treasurer of the Diocese prepares a formula for the assessment of Diocesan expenses for the year following the annual session of the Convention. Following approval by the Diocesan Council, the formula is used to calculate the actual assessment for each parish, mission and summer chapel (hereinafter “congregation”), which is payable in no more than 12 successive monthly installments starting in January of the year following the annual session of the Convention.

In the absence of an assessment deferral payment plan approved in accordance with the following Diocesan Policy on Assessment Deferral, a congregation that fails to pay its full assessment by May 1 of the ensuing year will be considered in default and subject to omission from the voting list of the Convention if in default for two successive years. The Diocese does not approve abatement of assessments.

### Procedure for Approval of Assessment Deferral Payment Plan.

#### Application

Following notice of its assessment, a congregation may request approval of an assessment deferral payment plan by submitting an application to the Bishop. The application shall be made on the attached form, Application for Assessment Deferral Payment Plan, and shall include the following: current year budget, prior year financial statement and balance sheet, prior year audit and prior year parochial report.

The Bishop shall have the sole discretion to approve or disapprove an assessment deferral payment plan and establish the conditions of approval, including the duration of the plan, in consideration of the best interests of the Diocese, with the applicant congregation being an integral part of the Diocese. In evaluating a congregation’s request for deferral of its assessment, the Bishop will take into consideration the entire financial resources of the congregation, including the availability of existing funds to pay immediately all or a portion of the assessment, as well as the availability of existing and projected funds to pay the

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<sup>1</sup> The full text of Canon 9, The Diocesan Assessment, is attached.

assessment on a payment plan. Notice of approval of an assessment deferral payment plan will be provided to the Diocesan Council.

Applications for an assessment deferral payment plan must be submitted no later than May 1 of the year in which payment of the assessment is due, provided that consideration will be given to late applications where it is shown that knowledge of the circumstances for requesting deferral arose after the filing date.

### Criteria and Conditions for Approval of Assessment Deferral Payment Plan

Approval of applications for an assessment deferral payment plan will be based on a congregation's demonstrated inability, due financial exigencies, to make timely payment to the Diocese of the annual assessment subject to the congregation's agreement to the following conditions:

1. Agreement to an assessment deferral payment plan approved by the wardens, treasurer and vestry and by the Office of the Bishop providing for payment of the assessment in equal, successive monthly installments not to exceed 60 months or five years. Approval of deferral of assessments for separate years will be incorporated into a single assessment deferral payment plan.

2. Commitment to maintaining the following sound business practices:

Establishment of an **annual budget** containing realistic projections of income, and operating and capital expenses, taking into account the annual diocesan assessment, including current and deferred assessment payments, and application of standards and guidelines relative to clergy and lay compensation and benefits;

Preparation and vestry review of **monthly financial statements** showing income and expenses in comparison to the budget;

Timely submission to the Diocese of an **annual audit** conducted in accordance with canonical audit guidelines;

Timely submission to the Diocese of the **annual parochial report** containing statistical and financial information in accordance with canonical guidelines;

Development of a **long range financial plan** that takes into account future plant-related maintenance and/or replacement needs and capital expenses; and

Establishment of annual and long range **stewardship program**.

3. Commitment to working cooperatively with the Diocesan Council, officers of the Diocese and appropriate Diocesan committees, including Congregational Business Consultants, Compensation and Benefits Committee and Congregational Development and Support.

### Compliance

The Treasurer's Office will issue quarterly reports to the treasurer and rector of the congregation, showing payments received and balance due in accordance with its assessment deferral payment plan. Quarterly reports relative to a congregation's compliance with its assessment deferral payment plan will be provided to the Office of the Bishop and Diocesan Council, which shall retain oversight. A parish's failure to make timely payments and/or failure to comply with other conditions of the agreement for the assessment deferral payment plan will result in omission of the names of its lay delegates from the voting list of the Convention in accordance with Canon 9, Sec.4. Nonpayment of Assessment and it may be subject to reclassification as a mission in accordance with Canon 14, Sec. 4, Reclassification of a Parish.<sup>3</sup>

### Approval and Effective Date

This policy has been approved by the Diocesan Council on **[date]** and shall become effective commencing with assessments for 2006.

Attachments: Canon 9, The Diocesan Assessment  
Form of Application and Agreement for Assessment Deferral Payment Plan

Attachment \_\_\_

### Canon 9

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<sup>3</sup> Canon 14, Sec. 4 Reclassification of a Parish, provides in relevant part: (2) Upon the recommendation of the Bishop and the Standing Committee, the Convention at the annual or any special session may vote to reclassify as a mission a parish which has not paid in full all its past and current assessments, in accordance with Canon 9, for a period of three (3) consecutive years prior to the annual or special session at which the foregoing vote is proposed to be taken. Notice of such proposed action shall be sent to the Wardens and Vestry of such parish at least thirty (30) days before the session at which such action is proposed to be taken.

*(Revised November 14, 1987, November 3-4, 1989, November 4-5, 1992,  
November 4-5, 1994, November 8, 1997 and November 5-6, 2004)*

## THE DIOCESAN ASSESSMENT

Sec. 1. Purpose As the ministry of Christ was supported by those who followed Him, and as the early churches supported each other's ministries, so we are called to support the mission and ministry of His church at home and abroad. Part of our ministry takes place through the Diocese, which has financial obligations over and above the obligations of its member congregations and must provide a fund to defray these expenses. Each parish, mission and summer chapel in union with Convention is called dutifully to accept its share of the Diocesan expenses through an annual assessment. This canon sets forth the means by which these necessary costs may be apportioned among the parishes, missions and summer chapels in union with Convention.

### Sec. 2. Preparation of the Assessment Formula.

(a) The Treasurer shall prepare a formula for the assessment of Diocesan expenses to each parish, mission and summer chapel in union with Convention for the year following the annual session of the Convention by no later than April 1 prior to each annual session of the Convention.

(b) The Diocesan Council shall review the formula prepared by the Treasurer and approve it with or without amendments no later than its April meeting.

(c) The assessment formula shall be fixed so as to raise the total amount of the Diocesan Budget approved under Canon 10, less such credit for endowment and investment income, fees, grants, and undesignated fund balance as Diocesan Council shall approve.

(d) The proposed formula thus prepared and approved shall be used to calculate assessments for the year following the annual session of Convention, and the assessment formula and the actual assessments shall be compiled and sent to each member of the congregationally-affiliated clergy and each delegate to Convention and to each Treasurer of a parish, mission or summer chapel in union with Convention, by May 1 prior to the annual session of Convention.

(e) Each member of the clergy in charge of a parish, mission, or summer chapel in union with Convention, is called to ensure that his or her congregation is instructed concerning Christian stewardship and mission, including the payment of the Diocesan assessment.

(f) The entire list of assessments shall be compiled and sent, not less than four weeks prior to the annual session of Convention, to each member of the congregationally-affiliated clergy, each congregation's treasurer, and to each delegate to the Convention.

The Convention, without further referral to committee, shall proceed to take up the list of assessments and shall act upon the same.

Sec. 3. Payment of Assessment.

Said assessed amount shall be paid in no more than twelve (12) successive monthly installments, the first installment to be paid in January.

Sec. 4. Nonpayment of Assessment.

(a) If any parish, mission, or summer chapel in union with Convention has not paid its full assessment by May 1 of the ensuing year, notice of such nonpayment shall be sent to the proper corporate authority of such congregation and to the Secretary of Convention.

(b) If a parish, mission or summer chapel is in default for two consecutive years, the Secretary, unless otherwise ordered by the Convention, shall omit the name(s) of the lay delegate(s) of such congregation from the voting list of the Convention.

(c) The congregational support services of the Bishop's Office shall be available to any parish, mission or summer chapel in union with Convention notwithstanding a default in its assessment.

**The Episcopal Diocese of Massachusetts**

138 Tremont Street  
Boston, MA 02111

APPLICATION FOR ASSESSMENT DEFERRAL

This application requires submitted information, in three sections/steps, and agreement to conditions of any approval.  
For further information on the application process, please see the instructions that follow the application form.

INFORMATION FROM REQUESTING CHURCH

**Congregation:**

Address or P.O. Box:  
City/Town/Zip:

**Contact Person**

Name:  
Address or P.O. Box:  
City/Town/Zip:  
Work Phone:

Home Phone:

Email:

**Treasurer**

Name:  
Address or P.O. Box:  
City/Town/Zip:  
Phone:

**Senior Warden**

Name:  
Address or P.O. Box:  
City/Town/Zip:  
Phone:

**Total amount of assessment** for year \_\_\_\_\_ : \$ \_\_\_\_\_  
(This is the total amount of your church's assessment for the year at issue).

**Amount of unpaid assessment to be paid** through assessment deferral payment plan: \$ \_\_\_\_\_  
(This is the total amount your church wishes to defer).

**Requested duration of payments:** First payment date: \_\_\_\_\_ (mo./yr.)  
Number of equal installments: \$ \_\_\_\_\_ (amt.)  
Final payment date: \_\_\_\_\_ ( mo./yr.).

**Statement of Reasons** for deferral (use additional page(s) as necessary):

- Attachments:**
- Budget for calendar year 20\_\_ (current year)
  - Income/Expenses statement for calendar year 20\_\_ (immediately previous year)
  - Balance sheet for calendar year 20\_\_ (immediately previous year)
  - Audit for calendar year 20\_\_ (most recent year available)
  - Parochial report for calendar year 20\_\_ (immediately previous year)

BISHOP'S APPROVAL

I have determined that it is in the best interests of the Diocese, giving due regard to the interests of the applicant church, to grant a deferral of \$ \_\_\_\_\_ of assessment for year \_\_\_\_\_, to be paid in \_\_ monthly installments of \$ \_\_\_\_\_, commencing \_\_\_\_\_ and ending \_\_\_\_\_, subject to the below conditions and subject to the commitment of the applicant church to the below General Conditions and any Special Conditions, as evidenced by the certification below.

Date: \_\_\_\_\_ Bishop: \_\_\_\_\_

PARISH VERIFICATION AND COMMITMENT TO CONDITIONS  
CERTIFICATE OF VOTE

I, \_\_\_\_\_, of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ County, Massachusetts, certify that (i) I am the qualified Clerk of the Vestry of \_\_\_\_\_, \_\_\_\_\_, (the "Parish"), located at \_\_\_\_\_, \_\_\_\_\_, and (ii) at a meeting of the Vestry of the Parish, duly called and held on \_\_\_\_\_, at which a quorum was present, voting, and acting throughout, the following vote was passed, and is still in full force and effect:

VOTED: That (a) the information contained in the foregoing application and attachments hereto are correct and accurate, to the best knowledge of the Vestry and Officers of the Parish, and (b) the Parish undertakes and adopts the above-described Assessment Deferral Plan, as approved by the Bishop, and all of the conditions attached thereto.

A true copy.

Attest: \_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_, Clerk

CONDITIONS

Assessment deferrals are conditioned, in addition to the repayment obligation, on certain general terms and any specified special conditions. All of these conditions are designed and intended to improve a congregations financial health, with the goal of enhancing mission and ministry.

1. Make timely payments in accordance with the approved plan;
2. Maintain the following sound business practices:

Establishment of an **annual budget** containing realistic projections of income, and operating and capital expenses, taking into account the annual diocesan assessment, including current and deferred assessment payments, and application of standards and guidelines relative to clergy and lay compensation and benefits;

Preparation and vestry review of **monthly financial statements** showing income and expenses in comparison to the budget;

Timely submission to the Diocese of an **annual audit** conducted in accordance with canonical audit guidelines;

Timely submission to the Diocese of the **annual parochial report** containing statistical and financial information in accordance with canonical guidelines;

Development of a **long range financial plan** that takes into account future plant-related maintenance and/or replacement needs and capital expenses; and

Establishment of annual and long range **stewardship program**.

3. Work cooperatively with the Diocesan Council, officers of the Diocese and appropriate Diocesan committees, including Congregational Business Consultants, Compensation and Benefits Committee, and Congregational Development and Support.

SPECIAL CONDITIONS

*Please complete and return this application with attachments to:*  
Mr. Chris Meyer, Administrator, Congregational Business Consultants,  
The Episcopal Diocese of Massachusetts,  
138 Tremont Street, Boston, Massachusetts 02111

## DIOCESAN ASSESSMENT DEFERRAL POLICY AND APPLICATION

### BACKGROUND INFORMATION

Diocesan Canon 9 requires all parishes, missions, and summer chapels to pay their annual Diocesan assessments as part of the mutual ministry of the Diocese. However, the Diocesan Policy on Assessment Deferral provides that a congregation that is unable, due to unusual and severe financial exigencies, to make timely payment of its annual assessment may apply for the Bishop's approval of an agreement to pay the assessment in equal, successive monthly installments over an extended period normally not to exceed 60 months (five years). The Bishop will evaluate such applications with consideration of the best interests of the Diocese, with the applicant congregation being an integral part of the Diocese. The Bishop will take into consideration the entire financial resources of the congregation, including the availability of existing funds to pay immediately all or a portion of the assessment, as well as the availability of existing and projected funds to pay the assessment on a payment plan.

### APPLICATION PROCEDURE

1. Complete applications must be submitted to the Diocese on the following form no later than **May 1** of the year in which payment of the assessment is due. (Consideration will be given to late applications where it is shown that knowledge of the circumstances for requesting deferral arose after the filing date.)
2. Complete applications must include **current financial documents**, including budget, income and expense report, balance sheet, audit, and Parochial Report.
3. Applicant congregations must **commit to sound business practices** to ensure future payment of assessments and sound fiscal realm of the church.
4. All applications for an assessment deferral payment plan will be **submitted to the Office of the Bishop**, which shall have the sole discretion to approve or disapprove an assessment deferral payment plan and establish the conditions of approval.
5. Notice of approval of an assessment deferral payment plan will be provided to the Diocesan Council.
6. No deferral plan is complete until the congregation submits the **Certificate of Vote of the Vestry**, which is deemed to accept the conditions of approval and the payment terms.