

CONSTITUTION & CANONS OF THE DIOCESE OF EAST TENNESSEE
ADOPTED BY THE 2020 ANNUAL CONVENTION

TITLE III - ASSETS OF THE DIOCESE AND PARISHES

CANON 3: Church Funds and Audit

Sec. 1. All accounts of the Diocese shall be audited annually by an independent Certified Public Accountant. All accounts of Parishes or other diocesan Institutions or Organizations 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 Bishop and Council or other appropriate diocesan authority. The Bishop and Council may adopt such regulations as it deems necessary or proper to insure compliance with this section, to provide for uniform audit procedures, and to provide for annual reviews of audit reports. It shall report annually at the Convention any failure to comply with the requirements of this section for such action as the Convention may deem proper. Each such audit shall include, but not be limited to, all trust funds, permanent funds, discretionary funds and all securities of whatever kind.

Sec. 2. All treasurers and other persons receiving, disbursing, or accounting for funds and all Parishes and diocesan Institutions or Organizations shall be adequately bonded, except treasurers of funds that do not exceed \$500.00 at any one time during the fiscal year.

Sec. 3. (a) It is the duty of every congregation established within the Diocese to contribute its share of the Annual Budget of the Diocese, including its share of the objective apportioned to the Diocese by the Executive Council of The Church.

(b) The Treasurer shall report at the Annual Convention the contributions made by each congregation during the preceding year.

Sec. 4. The Bishop and Council shall be charged with the enforcement of this Canon, and shall have authority to adopt and maintain such reasonable rules and regulations as may be proper and necessary thereto.

Sec. 5. The Bishop shall serve as interim Trustee for the Church, and for this Diocese, should any trust arise under provision of Title I, Canon 7, Sections 4 and 5, or Title II, Canon 6, Section 4 of the Canons of The Episcopal Church. In event such trust arises or is created, the Bishop shall promptly report same to the Bishop and Council, which is empowered and directed to select persons permanently to administer and enforce the trust, and to take any such other actions as it deems proper for the best interest of this Diocese and the Church consistent with existing canonical provisions.

Sec. 6. All cash receipts of the Diocese or of any Parish, Organization, or Institution of the Diocese shall be deposited promptly in a bank or savings institution in an account fully insured by FDIC or FSLIC. The entity responsible for said funds may adopt procedures regarding the withdrawal, disbursement, or investment of such funds after the deposit thereof.

Sec. 7. In every Parish, Organization, or Institution within this Diocese, the following standard business methods shall be observed:

(a) In addition to the foregoing standard business methods, every Parish, Organization, or Institution in this Diocese shall have and adhere to the Manual of Business Methods in Church Affairs as published by the Church in 1999 and as thereafter amended.

(b) Trust and permanent funds and all securities of whatsoever kind shall be deposited with a Bank having trust powers or with the Episcopal Endowment Corporation or with some other independent entity having trust powers which has been approved for the purpose by the Bishop and Council either under a written trust indenture or an agency agreement, which indenture or agreement shall provide for at least two signatures on any order of withdrawal of such funds or securities and for a statement of the purpose or purposes for which such funds are held.

(c) The foregoing subparagraph (a) 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.

(d) Records shall be made and kept by each Parish, Organization, or Institution of all trust and permanent funds showing at least the following:

- (1) Source of the funds and date of receipt.
- (2) Terms governing the use of principal and income.
- (3) To whom and how often reports of condition are to be made.
- (4) How the funds are invested.

(e) Trust and permanent funds and securities to which this Canon applies are those received by gift or legacy or in any other manner whereby it is provided or intended that the principal sum be retained by the beneficiary organization, either with the income to be applied to purposes specified by the donor or the beneficiary organization or for uses extending more than five (5) years after the funds are received.

Sec. 8. The Bishop and Council is hereby constituted as the Finance Committee of the Diocese as required by Title I, Canon 7, Sec. 2 of the Canons of The Episcopal Church, and said Finance Committee shall have the power and authority, from time to time, to act through subcommittees of its members which it may create by resolution.