

### THREE CANONICAL AMENDMENTS PROPOSED BY THE REV. ELMER L. SULLIVAN

#### Proposed Amendment of Canon 36, Section 2

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SECTION 2. The protection shall be such as that offered by such health insurance carriers as Blue Cross/ Blue Shield of New Jersey, the Episcopal Church Clergy and Employees' Benefit Trust, and the Delta Dental Program; or any similar organizations as may be approved by the Diocesan Convention; provided, however, that on and after January 1, 2013, the Diocese and every Episcopal employer subject to its authority shall participate in the Denominational Health Plan established by General Convention Resolution A177 in July, 2009, and Canon 1 . 8 . 1 of The Episcopal Church. The minimum employer funding requirement for all eligible clergy and lay employees health insurance coverage will be 100% of the premium cost of both employee and dependent coverage for whichever of the medical plan options offered by the Denominational Health Plan the eligible clergy and lay employees may choose.

Between meetings of the Convention, in the case of urgent need, or when specifically authorized by Convention to act in its stead, the Insurance Committee of the Diocese may approve substitute coverage. The overall level of benefits of any medical, health care, or dental plan shall not be changed without the approval of the Convention.

Insert a paragraph break here:

The Diocese shall carry a supplemental policy to Medicare for all retired, eligible persons, clergy and lay. Effective January 1, 1991, insurance coverage for all eligible persons employed in the Diocese of New Jersey subsequent to that date will be in accordance with the following schedule: [etc.]

#### Statement by the Proposer

The purpose of this amendment is to update the canon to comply with the Denominational Health Plan.

#### Proposed Repeal of Canon 18 and Amendment of Canon 15

It is proposed that Canon 18, be repealed, and that the following material be transferred from Canon 18 to Canon 15, Section 2 - Finance and Budget Committee.

(f) To ensure that the financial management of all diocesan functions is performed in accordance with generally accepted accounting practices;

(g) To prescribe the methods of accounting and record keeping of all such Boards, Trusts, Committees, Treasurers and Financial Officers of the Diocese, with power to summon them or any of them, or their auditors, with their books, records and securities for examination as to the conduct of their offices and the condition of the funds entrusted to them;

(h) To appoint auditors, as required under the canon on Accounts, for the audit of all diocesan accounts, funds and trusts and to gather and review the audit reports of all such accounts of the Diocese annually;

(i) To designate areas of financial management for internal audit as deemed necessary, and to prescribe the methods for the conduct of such internal audits;

(j) To ensure that all funds and accounts of any diocesan or congregational entities, including discretionary accounts and funds, are audited annually;

(k) To report to the Convention annually the results of any internal and external audits conducted.

#### Statement by the Proposer

It is now January of 2012 and the accounts of the Diocese have not been audited since 2008. According to TEC Canons all audit reports are due no later than September 1. The auditor's reports for 2009 are now 20 months overdue, and the auditor's reports for 2010 are now four months overdue.

Perhaps it is time for a change.

Before 1995, audits were a responsibility of the Finance Committee. A separate Audit Committee was created at the Diocesan Convention in November of 1995, together with many other changes in the administrative structure of the Diocese. It is apparent that the audit committee has now ceased to function effectively; thus, the proposal to reassign these duties back to the Finance and Budget Committee.

The Report of the Audit Committee to the 2011 Convention (see copy below) gives assurances that the 2009 audit reports will be ready in time for the March 2011 Convention and the 2010 audit reports will be available in May of 2011. The fact is, however, that no such audit reports have appeared as of January 2012.

Both of these audit reports are listed on the diocesan website for the 2011 Convention with the notation "(to come)" and an accompanying note promises them by March 31 (see copy below). Again, they have not been posted.

#### Excerpt From the Audit Committee's Report to 2011 Convention

"Draft statements for the DNJ audit, which included the Auditor's unqualified opinion that the statements presented fairly in all material respects the financial position of the DNJ for both years presented, were reviewed and approved by the Audit Committee at its December 30, 2010 meeting. The BDF statements have also been drafted for review (also with an unqualified opinion), and **the Committee expects both sets of statements to be finalized and authorized for publication in time for this Convention.**" (emphasis supplied)

"The Committee and the CFO have committed themselves to the goal of finalizing the audit of the 2010 DNJ and BDF statements prior to the canonical deadline of September 1, 2011. To that end, **we expect to perform the audit during May, 2011, and expect to once again engage both Mercadien and Milliman, contingent upon negotiating satisfactory terms of engagement.**" (emphasis supplied)

Excerpt From the Financial Reports Posted on the Diocesan Website For the 2011 Convention

"Exhibit V - 2009 Audited Financial Statements of the Administrative Offices of the Diocese of New Jersey (to come)

Exhibit V-1 2009 Audited Financial Statements of the Bishop's Discretionary Funds (to come)

*Note:* Drafts of the above financial statements have been prepared and the draft statements for the Administrative Offices have [been] approved by the Audit Committee. Final copies of both reports will be presented to the Audit Committee at their next meeting, currently scheduled for **March 31, 2011, and posted here as soon as possible thereafter.**" (emphasis supplied)

**Proposed Amendment to be added to the end of Canon 13, Section 9**

Where the title to real estate of a congregation that was classified as an Incorporated Mission on January 1, 2012, is vested in the Trustees of Church Property or the Trustees of the Episcopal Fund, said property shall be held in trust for that congregation. The Trustees of Church Property or the Trustees of the Episcopal Fund, as the case may be, may sell or convey the same only with the written consent of the vestry or governing body of the local congregation for whom said property is held in trust, and the proceeds of such sale shall either be conveyed to the vestry or governing body of the local congregation or held in trust for said congregation by the Trustees of Church Property, and all income from said trust shall be paid to the vestry or governing body of the congregation.

Provided, however, that if such a local congregation is declared extinct by the Diocesan Convention in accordance with the provisions of RSNJ 16:12-16, all property of said church shall vest in the Trustees of Church Property, in trust, until such time as the Convention shall direct the use to which the property and the income therefrom and the proceeds of any sale thereof shall be applied, in accordance with the provisions of RSNJ 16:12-16.

Statement by the Proposer

The purpose of this proposed amendment is to prevent the Trustees of Church Property from confiscating the property of the 30 churches now classified as Incorporated Missions by transferring title to all of their real and personal property and endowment funds to the Trustees of Church Property so that it may thereafter be held by them in trust for the purposes of the Diocese.

The amendment is a response both to a proposed sweeping canonical change as well as to a current practice that is based on a misreading of diocesan canons.

The amendment clarifies the present provisions of Diocesan Canons and New Jersey Law that provide one, and only one, way that the property of an incorporated congregation may be taken away - that is by a declaration of the Convention in accordance with RSNJ 16:12-16 that the congregation is extinct. State Law clearly provides that in such cases Convention and Convention alone can direct the use to which such property may be put.