

Reference Materials:

Episcopal Church financial stewardship is governed by legal requirements found in:

[Constitution and Canons together with The Rules of Order](#)

The document below lists the step-by-step requirements set out in the Constitution and Canons:

[Manual-of-Business-Methods-2023.1-rev-3-28-2024.pdf](#)

Note: Attachment A defines how “The Manual” ties to “The Canons”

The following articles in “The Manual” apply to “The Foundation”:

- Chapter I – Financial Management I-5; Section G – Longer Term Needs, starting on pages 19-21
 - See Attachment B for details on terms referenced in “The Manual”.
- Good Shepherd also adheres to the following articles from the Diocese of Western Louisiana:

Note: Attachment C defines how Diocese requirements tie to The Canons & The Manual.

[Canons of the Episcopal Diocese of Western Louisiana | Articles | The Episcopal Church in Western Louisiana](#)

The Canons below apply to The Foundation:

Cannon 9. The Diocesan Council

[Canon 9. THE DIOCESAN COUNCIL | Articles | The Episcopal Church in Western Louisiana](#)

Cannon 12. The Acquisition and Disposition of Diocesan Property

[Canon 12. THE ACQUISITION AND DISPOSITION OF DIOCESAN PROPERTY | Articles | The Episcopal Church in Western Louisiana](#)

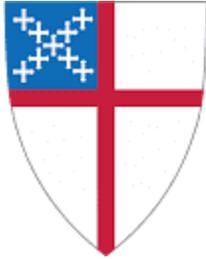
Cannon 13. Care of Vacant Property in the Diocese Other Than Diocesan Property

[Canon 13 CARE OF VACANT PROPERTY IN THE DIOCESE OTHER THAN DIOCESAN PROPERTY | Articles | The Episcopal Church in Western Louisiana](#)

Cannon 23. Business Methods in Church Affairs

[Canon 23. BUSINESS METHODS IN CHURCH AFFAIRS | Articles | The Episcopal Church in Western Louisiana](#)

Attachment A:



The Episcopal Church

Here is how the Manual of Business Affairs ties to the Canons:

- **Implementation of Canon I.7 (Business Methods):** Title I, Canon 7 mandates specific financial practices for every diocese, parish, mission, and institution. The Manual translates these mandatory, often broad, canonical requirements into actionable accounting guidelines, internal controls, and best practices.
- **Annual Audit Compliance (Canon I.7.1):** The Canons require an annual audit of all church financial records. The Manual contains detailed “Audit Guidelines for Congregations” that instruct auditors on how to comply with this requirement.
- **Bonding and Insurance (Canon I.7.3 & I.7.6):** The Canons stipulate that treasurers must be bonded and property adequately insured. The Manual provides specific instructions and risk management advice to meet these legal duties.
- **Standardized Reporting (Parochial Reports):** The authority for the annual Parochial Report is derived from the Constitution and Canons (I.6, I.7, and I.17). The Manual provides the instructions and forms necessary to complete this mandatory reporting.
- **Clergy Discretionary Funds (Canon I.7):** The Manual provides guidance on the strict management of these funds, which are subject to, rather than exempt from, the business methods prescribed in the Canons.

Attachment B

Investment and Spending Policy (IPS):

[Finance Office – The Episcopal Church](#)

Note: An example Investment and Spending Policy (IPS) is not on the above website, therefore The Foundation will use the template provided by the ECF.

Uniform Prudent Management of Institutional Funds Act (UPMIFA):

To comply with UPMIFA, boards must act as prudent investors, balancing donor intent with economic factors, and, while specific frequencies aren't always statutory, they must maintain rigorous, documented oversight. Key duties include an annual review of investment/spending policies, quarterly performance monitoring, and ongoing documentation of investment decisions.

Annual Duties (Compliance & Strategy)

- **Review Policies:** Formally review and update Investment Policy Statements (IPS) and spending policies, ensuring they align with UPMIFA's seven factors (economic conditions, inflation, etc.).
- **Audit & Reporting:** Conduct an independent audit of financial statements, including proper reporting of donor-restricted and "underwater" endowments.
- **Evaluate Managers:** Meet with investment managers to review performance against benchmarks.
- **Document Decisions:** Document the rationale behind spending rates, especially if they differ from typical practices.

Quarterly Duties (Monitoring & Performance)

- **Review Portfolio Performance:** Evaluate the performance of investment managers against the IPS and market benchmarks.
- **Review Underwater Funds:** Analyze the status of endowments that have fallen below their original gift value and determine appropriate spending.
- **Check Compliance:** Monitor that investment managers are adhering to UPMIFA, avoiding excessive risks, and maintaining proper diversification.

Ongoing/As-Needed Duties

- **Training & Education:** Ensure board members receive training on fiduciary duties and UPMIFA standards.
- **Documentation:** Record minutes detailing investment decisions and compliance with donor restrictions.
- **Policy Adjustments:** Adjust investments or spending if significant market changes or organizational needs arise.

For more detailed information on UPMIFA compliance, see the guidance from [NACUBO](#).

Attachment B continued

The 7 factors of the [Uniform Prudent Management of Institutional Funds Act](#) (UPMIFA) that guide institutions in managing and investing donor-restricted endowment funds, specifically for determining prudent expenditure, are:

1. **Duration and preservation** of the endowment fund.
2. **Purposes** of the institution and the endowment fund.
3. **General economic conditions.**
4. **Effect of inflation or deflation.**
5. **Expected total return** from income and appreciation of investments.
6. **Other resources** of the institution.
7. **Investment policy** of the institution.

Attachment C

The **Episcopal Diocese of Western Louisiana** (often referred to as the Diocese of Western Louisiana or EPIWLA) is part of **The Episcopal Church** (TEC) in the United States. Its governing documents—the **Constitution** and **Canons**—along with the **Manual of Business Methods in Church Affairs** (sometimes referred to in queries as the "Manual of Business Affairs"), form a layered structure of governance and financial stewardship that applies directly to the diocese, its parishes, missions, and related institutions.

Hierarchical Relationship

- **The Episcopal Church's Constitution and Canons** (national level) provide the overarching framework for all dioceses. Specifically, **Title I, Canon 7** ("Of Business Methods in Church Affairs") in the national Canons sets mandatory standards for financial practices, accounting, audits, bonding of treasurers, handling of funds, and fiscal accountability across the entire church, including every diocese, parish, mission, and institution.
- **Diocesan Constitution and Canons** must conform to the national ones. The Diocese of Western Louisiana has its own **Constitution** (adopted in 1979 and amended over time) and a set of **Canons** that detail its internal governance, including the structure of its Diocesan Convention, officers, council, property management, parishes/missions, and more.
- The diocese's **Canon 23** ("Business Methods in Church Affairs") directly implements and localizes the requirements of the national Title I, Canon 7. It specifies that standard business methods shall be observed in every parish, mission, school, home, corporation, and institution connected with the Episcopal Church in the Diocese of Western Louisiana. This includes rules on:
 - Handling trust, endowment, and permanent funds (often managed by the diocese's Board of Trustees).

- Bonding of treasurers and custodians.
- Adequate accounting records, audits, and reporting.
- Other financial safeguards to ensure stewardship and compliance.

The Manual of Business Methods in Church Affairs

This is a detailed practical guide published by The Episcopal Church (updated periodically, e.g., versions in 2023 and earlier). It is not a canon itself but expands on and helps implement **Title I, Canon 7**. It provides:

- Guidelines on internal controls, bookkeeping (e.g., double-entry systems), fund accounting, audits, investment policies, gift acceptance, and more.
- Explanations of uniform business methods and accounting principles.
- A calendar of due dates and glossary.

The Manual serves as a resource for dioceses and congregations to comply with the national Canons. While dioceses like Western Louisiana enact their own Canons (such as Canon 23) to give effect to these standards, they often reference or align with the Manual for best practices in financial oversight. Parishes and missions in the diocese use it to meet both national and diocesan requirements for responsible management of funds and property.

In summary:

- The national **Constitution and Canons** (especially Title I, Canon 7) require uniform business standards.
- The Diocese of Western Louisiana's **Constitution** establishes its corporate and governance framework, while its **Canons** (particularly Canon 23) enact diocese-specific rules to comply with those national standards.
- The **Manual of Business Methods in Church Affairs** acts as the operational handbook to apply these canons effectively at the diocesan and local levels.

These documents together ensure orderly governance, financial transparency, and accountability throughout the diocese. For the most current versions, refer to the diocese's official site (epiwl.org) under resources for its Constitution and Canons, and episcopalchurch.org for the national documents and Manual.