

**THE FOUNDATION OF THE DIOCESE OF CENTRAL NEW YORK  
STATEMENT OF OPERATING POLICY**

**Purpose**

To foster, develop and contribute to the religious, educational and charitable work of the Episcopal Church in the Diocese of Central New York by making gifts, grants, loans and advances for religious, educational and charitable purposes to any organization, institution, agency or other body functioning within the Church and said Diocese.

**A. Policies and Guidelines**

1. The Foundation will consider loans and grants to parishes, organizations and institutions of the Diocese for building, replacing, improving or expanding their physical facilities, refinancing existing indebtedness, and for developing program.
2. Income earned on Foundation corpus will be allocated as follows: (a) 10 percent to the Loan Fund Capital Account, (b) monies as needed to administrative expenses and (c) any balance to the funds available for grants. The Directors at their discretion may allocate additional income to the Loan Fund Capital Account.
3. No diocesan funds, inclusive of Foundation funds, shall be paid or transferred to any parish or other diocesan unit that shall not be in compliance with the provisions of Title 1, Canon 7, Sec. 1 (f and g) of the canons of General Convention.
  - a. 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, Department of Finance, or other appropriate diocesan authority.
  - b. 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, not later than September 1 of each year, covering the financial reports of the previous calendar year.
4. Grants will be considered only on a one-time basis for current year needs. Applications will not be considered for previously incurred indebtedness.
5. Interest rates on all loans will be established at the rate set by the Board of Directors of the Foundation and in effect at the time of the initial disbursement of loan proceeds. Interest

rates for five-, ten- and fifteen-year loans shall be set by the Board of Directors from time to time at the discretion of the Board. Interest shall accrue on all loans at either a fixed or variable rate as requested by the Applicant and approved by the Board of Directors.

6. The repayment of a loan will begin (and is due) on the first day of the first quarter after the loan is disbursed. A late charge of 1 percent per month of the past due payment will be charged on any loan that is thirty days delinquent.
7. The maximum term of any loan will be 15 years, with shorter maturities available based upon the amount of the loan and the ability to repay.
8. Loan and grant commitments expire six months after the date of approval. An Applicant *may* reapply to the Board of Directors for a loan or grant if a prior commitment has expired. It shall be one of the General Policies of the Board of the Foundation of the Diocese of Central New York not to commit future Boards to loan or grant commitments beyond the sitting term of the then constituted Board of Directors. Exceptions to this General Policy may be made in extenuating circumstances with the additional approval of the Bishop and at least three-fourths of those Directors present and voting in a meeting with a proper quorum present.
9. Loans for housing to be owned by clergy will be made only to church unit employers showing the ability to repay the loan on the agreed upon basis. At the time of loan closing, the clergyperson must become the owner of the property for which the loan is made, such loan then being secured by a mortgage lien on the property being purchased. It is expected that real estate taxes will be paid by the clergyperson. Any such loan not otherwise repaid will be due and payable in its entirety if the clergy person ceases to fill the position for which he or she was called.
  - a. Loan requests from a parish to finance the purchase of a rectory for their clergy person will be considered on a case-by-case basis. Realizing that the Foundation's resources are limited and loan requests for this purpose are financially significant in nature, parishes are encouraged to obtain conventional bank financing rather than rely on Foundation financing.
  - b. Such loans, if granted, will be made directly to the parish. Loans will be restricted to financing down payments and be limited to 20 percent of the purchase price or appraised value, whichever is lower.
  - c. Interest rates on loans that are approved by the Foundation will be made at a rate and term set by the Directors of the Foundation and additionally will require supporting documentation such as appraisals and insurance.
  - d. A mortgage or other lending indenture will be duly recorded for the amount loaned by the Foundation. The costs of recording shall be the sole responsibility of the borrower.

10. All loans secured by non-real estate collateral shall be secured at 120 percent of the amount of the loan or by other appropriate collateral. A Vestry resolution must be submitted authorizing the collateralization of the required amounts to secure the loan and confirming that the assets to be pledged are appropriate collateral. For invested funds, this means that there is no restriction from the donor regarding expenditure of principal and that there is no restriction from the donor on use of the income.

## **B. Priorities and Criteria**

Considerations in grant and loan approval include

1. The viability of the Parish organization or institution making application.
2. The availability of Foundation funds for loans and grants at the time of application.
3. The emergency nature of the financial request.
4. The financial ability and resources of the loan applicant.
5. The potential impact of the loan and grant upon the Applicant and upon the continuing ability of the Foundation to fulfill its stated purposes.

## **C. Procedure**

1. Application for loans or grants, including all pertinent questions and necessary approvals, shall be made on the approved form.
2. The President shall appoint a Screening and Review Committee to be available to study, when appropriate, each application prior to the Foundation meeting and make recommendations thereon.
3. Completed applications shall be submitted to the diocesan office no later than three weeks before the Screening and Review meeting at which they are to be considered. When building or property projects are involved, applications will be reviewed by the Property Committee of the Diocesan Board, which will make recommendations to the Screening and Review Committee.

## **D. Requirements for Loan Applications**

1. An application from a Parish requires the approval of its Vestry.
2. An application from a group of Parishes requires the approval of their respective Vestries.

#### **E. Requirements for Grant Applications**

1. An application from a Parish for a grant for its own needs or in support of an external agency requires the approval of its Vestry.
2. An application from a group of Parishes requires the approval of their respective Vestries.
3. An application from organizations not canonically related to the Diocese requires sponsorship by at least one local Parish through the approval of its Vestry.
4. A District application requires approval of the District Council.
5. Qualified persons representing applicants and sponsoring organizations should be available to present and discuss requests at the Directors meeting at which consideration will be given.

#### **F. Flexibility of Policy**

1. This entire Statement of Operating Policy shall be considered to be flexible and non-restrictive. Its purpose is to provide guidelines for the Foundation as it seeks to fulfill its stated purposes set forth at the beginning of this Statement of Operating Policy.