

THE EPISCOPAL DIOCESE OF OKLAHOMA DISCRETIONARY FUNDS

Discretionary funds are to be used for the poor and for other “charitable and pious purposes” according to the Canons of The Episcopal Church. Gifts to the poor are its primary purpose. Within “other charitable and pious purposes” would be included gifts to recognized charitable organizations, to the church itself, and for expenses related to pastoral ministry.

The Canons of the Church do not name discretionary funds. The origin of discretionary funds apparently lies in Title III, Canon 14(f) dating back to 1814 that states:

“The Alms and Contributions, not otherwise specifically designate, at the Administration of the Holy Communion on one Sunday in each calendar month, and other offerings for the poor, shall be deposited with the Member of the Clergy in charge of the Congregation or such other Church officer as the Member of the Clergy in charge shall appoint to be applied to such pious and the Vestry shall appoint a responsible person to serve as Almoner.”

It has become customary to supplement the discretionary fund with gifts from individuals and from the church’s general operating funds. Regardless of the source of the income to the discretionary fund one item is of particular importance in the Canon. The words “alms,” “contributions” and “offerings” are used clearly indication that these are funds given to the church and therefore belong to the church.

In addition to the Canons of The Episcopal Church, Diocesan Canon 6.6.4. says:

“Each Parish and Mission maintains a discretionary fund under the control of the Rector or Vicar. On one Sunday of each month, the alms and contributions not otherwise specifically designated, and any special or individual gifts designated by the donors, are allocated to the discretionary fund. The Rector or Vicar makes disbursements for such charitable and church related purposes as he or she deems fit.”

The following are Diocesan policies regarding discretionary funds:

1. The Discretionary Fund belongs to the church. If the fund is in a separate bank account it will be in the name of the church with the church’s tax ID number on the account. Although the Rector/Vicar will generally write checks and maintain the records there needs to be another signer (Sr. Warden or Treasurer) on the account.
2. The Canons suggest that funds expended from the fund should be for “charitable and pious purposes.” This includes gifts to the poor, gifts to recognized charitable organizations and gifts to the church itself. Discretionary funds are not to be used for the business expenses of the clergy or the church. (A separate line item in the operating budget of the church should be

established for the business or professional expenses related to the ministry of clergy and for all other church expenses.)

3. Gifts to discretionary funds should be made to the church and not to the clergy as individuals. A gift to the church is deductible to the donor. Gifts to clergy are not deductible to the donor. Gifts given in return for services rendered, such as for funerals, weddings, etc., are taxable income to the clergy unless they are deposited to the discretionary fund and used consistent with the purposes of discretionary funds.
4. Gifts to the discretionary fund may be unrestricted, or, if restricted, are to be designated for one of the legitimate purposes of the church and the discretionary fund. Gifts restricted for the benefit of a specific individual should not be accepted and the donor should give the gift directly to the intended recipient. It is permissible to cooperate with someone desiring to maintain anonymity in assisting someone in need but every effort must be made to be certain the donor realizes the gift is not deductible.
5. Discretionary funds remain the property of the church when a clergyperson is called elsewhere.
6. The desire to maintain confidentiality in the use of this fund is understandable and acceptable. But the fund belongs to the church and is to be audited with all other church accounts. If necessary, arrangements can be made with the audit committee to maintain confidentiality. Actually confidentiality should apply to everything within the scope of the audit committee.
7. The personal funds of clergy are not to be comingled with discretionary funds.