

# GUIDELINES FOR FINANCIAL ADMINISTRATION

## INTRODUCTION

According to the Code of Canon Law: *"Each institute is to establish suitable norms for the use and administration of goods, so that the poverty proper to the institute may be fostered, defended and expressed"* (635,2). Our own Rule states in its turn: *"The Institute, the Districts and similar groupings legitimately constituted, and the communities are non-profit making entities. They have the right to acquire, possess, administer and dispose of material goods in view of their specific mission"* (139).

In the light of these guidelines, the Rule states that *"a suitable description of their responsibilities (that is, of those responsible for General Services) appears in the Directory"* (123a).

On the basis of these criteria, a team composed mostly of Brothers who, over the past few years have been members of the International Finance Committee, have spent many hours drawing up, revising and correcting the contents of these Guidelines for Financial Administration.

The text of the Guidelines is based mostly on the prescriptions of the Code of Canon Law and the articles of the Rule which, directly or indirectly, refer to the administration of the temporal goods of the Institute. It takes into account also propositions approved by General Councils which are still in force. In addition, the Guidelines bring together in one text the norms and administrative practices which, through usage or for historical reasons, is a part of Institute legislation (R 114).

Brother Visitors and other persons with certain responsibilities often need to have ready access to specific information, and should not have to consult a variety of documents which are not always available. I believe that, thanks to the detailed table of contents provided by the Guidelines, anyone consulting this text will have no difficulty in finding the information he needs.

The Guidelines contain two distinct but complementary parts. The first is composed of five sections, divided into thirty chapters. These indicate the norms and criteria which affect, to a greater or lesser degree, administrative operations and the management of temporal goods. The second part consists of a number of appendices containing documents which can serve, in part or in whole, as models for drawing up budgets, wills, agreements between Districts, investment programmes, statutes for foundations, etc.

The Guidelines are meant to serve as a reference text for those whose function it is to govern, and for those who are involved in the administration and management of the temporal goods of the Institute. They are the ones who are most likely to have occasion to use and consult this document. We hope that it will prove to be a valuable and up-to-date instrument, which will help us to administer our goods and our economic resources better. The purpose of all this is, of course, to enable us to offer a better service through our apostolate and our work of evangelization in accordance with the aims of the Institute.

If we consider the Church as a whole, and bear in mind the diversity of the regions in which the Institute pursues its work, it is clear that it is absolutely necessary to promote a spirit of subsidiarity and interdependence. No individual Brother, no District or Region, can feel unconcerned for the rest of the Institute. This is the reason why the Guidelines insist on the sense of solidarity and mutual aid which should inspire the different sectors of the Institute.

As a member of a religious congregation, no individual, whatever his responsibility, can act in his own name as the owner of the goods he administers. In various sections of the Guidelines, there are recommendations to the effect that all administrative acts should be performed in consultation with properly constituted councils, such as the General Council, the District Council, the Finance Committee and the Administrative Council. Bursars, who act as delegates of major or local superiors, must inform them periodically regarding the current status of the sector entrusted to them and its financial situation. As a matter of prudence and where possible, bursars should seek the help of experts to ensure that their management is as reliable as possible. By increasing the profitability of our resources, we can increase and sustain more fully the activities of our educational and apostolic ministry.

While the Guidelines provide a systematic outline of the general principles of administration, they clearly cannot indicate local legal requirements: the multinational character of our Institute requires that a text such as the Guidelines should be valid for a great variety of cultures and countries. However, there is nothing to prevent Districts or Regions, which feel the need to do so, to draw up their own financial handbook, based on the Guidelines and adapted to local norms and circumstances. Such a handbook could be useful for Directors of communities, headmasters, school bursars and other persons with similar responsibilities.

It is my hope and my sincere wish that these Guidelines will not upset or worry those who work in administration. Their purpose, on the contrary, is to make them more competent and better informed, so that their financial administration is of a higher standard and, at the same time, affords them greater satisfaction.

Before ending, I should like to express, in the name of the General Council, my own and their sincere gratitude to all those who contributed to the production of these Guidelines. In particular:

- \* to Br Pierre Legendre who, when he was Bursar General, set the process in motion;
- \* to the members of the International Finance Committee;
- \* to the Brother Visitors and District Bursars who, by their suggestions and their feedback, helped to improve this document;
- \* and to a great number of advisers, translators and experts who collaborated in the preparation of the definitive text.

May our material investments and our financial calculations not prevent us from drawing the greatest profit from our investment in future glory.

Rome, April 7<sup>th</sup>, 1998

Feast of St. John Baptist de La Salle (Roman Calendar)

## Section One – GENERAL PRINCIPLES OF ADMINISTRATION

### Chapter 1 – JURIDICAL PERSONS IN THE CHURCH

#### 1.1 DEFINITIONS

**Physical persons** are all individuals or human beings who have certain rights and obligations by reason of their existence.

**Juridical persons:** By analogy with the concept of **physical persons**, there exists in law the concept of **juridical persons**, that is, of groups or associations of persons constituting a distinct entity, different from that of the individuals which compose it. When these constituted entities are recognized by the law, they enjoy a juridical status which makes them subject to rights and duties, and enables them to act in the pursuit of their aims and in defence of their rights, like physical persons.

Examples: – In civil law: commercial, cultural and sports societies; foundations, associations, etc.

- In canon law: dioceses, parishes, religious institutes, legally constituted provinces or communities, etc.

**Moral persons.** In the language of canon law, the term "moral person" is the equivalent of "juridical person".

#### **In the Code of Canon Law:**

##### **Can. 115, § 1**

*"Juridical persons in the Church are either aggregates of persons or aggregates of things."*

##### **Can. 115, § 2**

*"An aggregate of persons, which must be made up of at least three persons, is collegial if the members decide its conduct by participating together in making its decisions, whether by equal right or not, in accordance with the law and the statutes; otherwise, it is non-collegial."*

##### **Can. 115, § 3**

*"An aggregate of things, or an autonomous foundation, consists of goods or things, whether spiritual or material, and is directed, in accordance with the law and the statutes, by one or more physical persons or by a college."*

#### 1.2 PERSONS IN THE CHURCH

**Can. 113, § 1**

*"The catholic Church and the Apostolic See have the status of a moral person by divine disposition."*

**Can. 113, § 2**

*"In the Church, besides physical persons, there are also juridical persons, that is, in canon law subjects of obligations and rights which accord with their nature."*

**1.3 CONSTITUTION AND GOALS**

**Can. 114, § 1**

*"Aggregates of persons or of things which are directed to a purpose befitting the Church's mission, which transcends the purpose of the individuals, are constituted juridical persons either by a provision of the law itself or by a special concession given in the form of a decree by the competent authority."*

**Can. 114, § 2**

*"The purposes indicated in §1 are understood to be those which concern works of piety, of the apostolate or of charity, whether spiritual or temporal."*

**1.4 CONDITIONS**

**Can. 114, § 3**

*"The competent ecclesiastical authority is not to confer juridical personality except on those aggregates of persons or of things which aim at a genuinely useful purpose and which, all things considered, have the means which are foreseen to be sufficient to achieve the purpose in view."*

**1.5 PUBLIC JURIDICAL PERSONS**

**Can. 116, § 1**

*"Public juridical persons are aggregates of persons or of things which are established by the competent ecclesiastical authority so that, within the limits allotted to them in the name of the Church, and in accordance with the provisions of law, they might fulfill the specific task entrusted to them for the public good. Other juridical persons are private."*

**Can. 116, § 2**

*"Public juridical persons are given this personality either by the law itself or by a special decree of the competent authority expressly granting it. Private juridical persons are given this personality only by a special decree of the competent authority expressly granting it."*

## **Chapter 2 – THE ADMINISTRATION OF TEMPORAL GOODS IN INSTITUTES OF CONSECRATED LIFE**

### **2.1 JURIDICAL ENTITIES AND THEIR CAPACITY IN ECONOMIC MATTERS**

#### **Can. 634, § 1**

*"Since they are by virtue of the law juridical persons, institutes, provinces and houses have the capacity to acquire, possess, administer and alienate temporal goods, unless this capacity is excluded or limited in the constitutions."*

#### **Can. 634, § 2**

*"They are, however, to avoid all appearance of luxury, excessive gain and the accumulation of goods."*

#### **R. 139. (1<sup>st</sup> par.)**

*"The Institute, the Districts, and similar groupings legitimately constituted and the communities are non-profit making entities. They have the right to acquire, possess, administer and dispose of material goods in view of their specific mission. In such cases they act within the authorized limits and under their own responsibility, conforming to canon law and the legislation of the Institute, and taking into account the requirements of civil law."*

### **2.2 FINANCIAL ADMINISTRATORS: BURSAR GENERAL, DISTRICT AND COMMUNITY BURSAR**

#### **Can. 636, § 1**

*"In each institute, and in each province ruled by a major Superior, there is to be a financial administrator, distinct from the major Superior and constituted in accordance with the institute's own law. The financial administrator is to administer the goods under the direction of the respective Superior. Even in local communities a financial administrator, distinct from the local Superior, is in so far as possible to be constituted."*

#### **Can. 636, § 2**

*"At the time and in the manner determined in the institute's own law, the financial administrator and others with financial responsibilities are to render an account of their administration to the competent authority."*

#### **R. 140.**

*"In each District, a Bursar, distinct from the Brother Visitor, but acting under his authority, is responsible for the administration of material goods. He has the assistance of an Economic Council."*

#### **R. 140a.**

*"In conformity with the guidelines established by the District Chapter, the Bursar, with the help of his Council, prepares the annual budget, which he then submits to the Brother Visitor and his Council. The*

*Economic Council, for its part, controls the manner in which the budget is followed and studies ways of solving the difficulties that arise."*

**R. 140b.**

*"The Bursar furnishes an annual report on the financial condition of the District to the Brother Visitor and the District Council. This report is sent by the Brother Visitor to the Brother Bursar General."*

**R. 63d.**

*"The Brother Director, with the assistance if possible of a community Bursar, supervises the maintenance of the movable and immovable property, the administration of material goods and the proper functioning of the common services. He sees to the preservation and classification of the documents for the archives and sends at the proper time the information requested by the District Secretary and the Secretary General."*

**R. 138a.**

*"The following acts require the consent of the District Council:...*

*5° determining the powers given to Brother Directors and Bursars in economic matters."*

## **2.3 ADMINISTRATION OF GOODS IN GENERAL**

**Can. 1273**

*"The Roman Pontiff, by virtue of his primacy of governance, is the supreme administrator and steward of all ecclesiastical goods."*

**Can. 635, § 1**

*"Since the temporal goods of religious institutes are ecclesiastical goods, they are governed by the provisions of Book V on 'The Temporal Goods of the Church', unless there is express provision to the contrary."*

**Can. 635, § 2**

*"Each institute, however, is to establish suitable norms for the use and administration of goods, so that the poverty proper to the institute may be fostered, defended and expressed."*

**Can. 718**

*"The administration of the goods of the institute must express and foster evangelical poverty. It is governed by the norms of Book V on 'The Temporal Goods of the Church', and by the institute's own law. This same law of the institute is also to define the obligations, especially the financial obligations, of the institute towards the members engaged in its work."*

**Can. 1284, § 1**

*"All administrators are to perform their duties with the diligence of a good householder."*

**Can. 1284, § 2**

*"Therefore they must:*

*1° be vigilant that no goods placed in their care in any way perish or suffer damage; to this end they are, to the extent necessary, to arrange insurance contracts.*

*2° ensure that the ownership of ecclesiastical goods is safeguarded in ways which are valid in civil law;*

- 3° observe the provisions of canon and civil law, and the stipulations of the founder or donor of lawful authority; they are to take special care that damage will not be suffered by the Church through the non-observance of the civil law;
- 4° seek accurately and at the proper time the income and produce of the goods, guard them securely and expend them in accordance with the wishes of the founder or lawful norms;
- 5° at the proper time pay the interest which is due by reason of a loan or pledge, and take care that in due time the capital is repaid;
- 6° with the consent of the Ordinary make use of money which is surplus after payment of expenses and which can be profitably invested for the purposes of the juridical person;
- 7° keep accurate records of income and expenditure;
- 8° draw up an account of their administration at the end of each year;
- 9° keep in order and preserve in a convenient and suitable archive the documents and records establishing the rights of the Church or institute to its goods; where conveniently possible, authentic copies must be placed in the curial archives."

**R. 102. (2<sup>nd</sup> par.)**

*"In a spirit of collaboration and fraternal help, the superiors foster a spirit of initiative and a sense of responsibility in each of the Brothers in the areas under their charge."*

**R. 139. (2<sup>nd</sup> par.)**

*"The Brothers appointed to administer the goods of the Institute do so as depositaries of the goods of the Church."*

## **2.4 ORDINARY AND EXTRAORDINARY ADMINISTRATION**

**Can. 638, § 1**

*"It is for an institute's own law, within the limits of the universal law, to define the acts which exceed the purpose and the manner of ordinary administration, and to establish what is needed for the validity of an act of extraordinary administration."*

**Can. 638, § 2**

*"Besides Superiors, other officials designated for this task in the institute's own law may, within the limits of their office, validly make payments and perform juridical acts of ordinary administration."*

**Can. 638 § 3**

*"For the validity of alienation, and of any transaction by which the patrimonial condition of the juridical person could be adversely affected, there is required the written permission of the competent Superior, given with the consent of his or her council. Moreover, the permission of the Holy See is required if the transaction involves a sum exceeding that which the Holy See has determined for each region, or if it concerns things donated to the Church as a result of a vow, or objects which are precious by reason of their artistic or historical value".*

**R. 139.**

*"The Institute, the Districts, and similar groupings legitimately constituted and the communities are non-profit making entities. They have the right to acquire, possess, administer and dispose of material goods in view of their specific mission. In such cases they act within the authorized limits and under their own*

*responsibility, conforming to canon law and the legislation of the Institute, and taking into account the requirements of civil law" (1<sup>st</sup> paragraph).*

## **2.5 TWO SPECIAL CASES: ALIENATION – DEBTS**

### **Can. 638, § 3**

*"For the validity of alienation, and of any transaction by which the patrimonial condition of the juridical person could be adversely affected, there is required the written permission of the competent Superior, given with the consent of his or her council. Moreover, the permission of the Holy See is required if the transaction involves a sum exceeding that which the Holy See has determined for each region, or if it concerns things donated to the Church as a result of a vow, or objects which are precious by reason of their artistic or historical value."*

### **Can. 639, § 1**

*"If a juridical person has contracted debts and obligations, even with the permission of the Superior, it is responsible for them."*

### **Can. 639, § 2**

*"If individual members have, with the permission of the Superior, entered into contracts concerning their own property, they are responsible. If, however, they have conducted business for the institute on the mandate of a Superior, the Institute is responsible."*

### **Can. 639, § 3**

*"If a religious has entered into a contract without any permission of Superiors, the religious is responsible, not the juridical person."*

### **R. 122a.**

*"Apart from the instances prescribed by law, both universal as well as particular, the consent of the General Council is required in the following cases: (...)*

*3° All alienation of material goods when the sums involved exceed the limits fixed by law, and also the alienation of any object considered valuable, because of its artistic or historic worth.*

*4° Any act of lending or borrowing entered into with persons outside the institute, when the amount or the conditions involved exceed the powers granted by the Brother Superior to the Brother Visitor and the District Council."*

## **2.6 COLLECTIVE TESTIMONY-SHARING**

### **Can. 640**

*"Taking into account the circumstances of the individual places, institutes are to make a special effort to give, as it were, a collective testimony of charity and poverty. They are to do all in their power to donate something from their own resources to help the needs of the Church and the support of the poor."*

### **R. 32. (4<sup>th</sup> par.)**

*"The Brothers live simply as persons of ordinary means, having everything in common. They provide for the livelihood of the community through their work. They decide together the guidelines for the best use of their resources."*

### **R. 35b.**



*"As they pool resources that derive from their labor, the Brothers are careful that this does not lead to collective wealth; on the contrary, they share generously with their Brothers, the Districts most in need, and also with the poor."*

**R. 60.**

*"The community administers its material goods in the spirit of the gospel and in accordance with the demands of religious poverty."*

**R. 60d.**

*"In fidelity to the spirit of the Founder and conforming in every respect to the cultural traditions of the locality where it is active, the community is always careful to witness to the spirit of gratuity and gospel detachment in all that concerns gifts from the students or their families."*

## Chapter 3 – FINANCIAL SUPPORT FOR THE INSTITUTE SEVERAL FUNDS

### 3.1 SOLIDARITY AND INTERDEPENDENCE

#### 3.1.1 The 1986 General Chapter

This Chapter stressed two principles:

SOLIDARITY, above all for the missionary sector and its consequence, INTERDEPENDENCE, (cf. Circular 422, July 1<sup>st</sup> 1986, p. 5-8)

The message to the Brothers included an urgent call to conversion which involved:

- a) the revision of our administrative policy at all levels, in order to be more faithful to the original intentions of the Founder, and more in accordance with the present guidelines of the Church;
- b) our being sensitive to the new needs of the poorest sectors of the Institute.

#### 3.1.2 Letter of Brother Superior General

*"The word SOLIDARITY has interested me for a long time. (...) Our **Rule** employs the expression literally as either noun, adjective, or adverb- at least eight times. (...) It is clear that is intended to express a profound sense of brotherhood with our fellow Brothers, with those associated with us in our mission, with those "confided to our care", and with all men and women throughout the world, particularly those who are poor, suffering, or oppressed.*

*Furthermore our use of the word seems perfectly consistent with Pope John Paul II's descriptive definition of solidarity as "a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all (SRS, 38).*

*It is, of course, true that the primary thrust of "Sollicitudo Rei Socialis" is solidarity with the poor, the suffering, and the oppressed, but even a casual study of the Holy Father's frequent use of the expression in his regular discourses indicates that for him solidarity has that comprehensive meaning evident in our **Rule**".*

(Pastoral letter "SOLIDARITY", Brother John Johnston, Superior General, January 1<sup>st</sup>, 1989; cf. pages 7-8)

### 3.2 NEEDS OF THE INSTITUTE

#### R. 139. (3<sup>rd</sup> par.)

*"Those in charge at all levels see that the resources are shared equitably, in such a way that the sectors which are better off, come to the aid of their Brothers less favorably placed, so as to minimize as far as possible the differences which might exist in the living conditions of communities within the same sector."*

*"We must broaden our field of vision beyond our communities or Districts to take in the dimension of the whole Institute. This is the precise purpose of what we refer to as **interdependence**. This interdependence should be seen as a new dimension in our living as Brothers, in addition to its administrative and juridical aspects. Members of one single Body, we are invited to place in common our resources, skills, our apostolic and spiritual wealth".*

**GC 86 p. 18**

*"... (The 41<sup>st</sup> General Chapter) has felt the need of appealing for **CONVERSION**: (...) through our openness to the new needs of the most impoverished and most needy sectors of our Institute."*

### **3.3 CONTRIBUTION TO THE CENTRE OF THE INSTITUTE**

#### **3.3.1 According to the Rule**

**R. 140c.**

*"The various Districts, sub-Districts and Delegations jointly contribute towards the costs of the central administration of the Institute. They ensure that it can balance its budget so as to be able to meet its other expenses.*

*The amount to be contributed by each District is calculated by a system established by the General Chapter and applied each year by the General Council according to what is proposed by the International Economic Council."*

The budget of the Generalate must take into account the cost of the general services, the cost of the religious personnel belonging to the various communities, the cost of major improvements to the Generalate buildings, aid to the various sectors of the Institute, the cost of publications and Lasallian research, the cost of commissions and meetings organized by the Centre of the Institute, etc.

#### **3.3.2 Criteria on the District contribution**

**GC 76, prop. 90:**

**A proposal for fixing the tax of each District towards the expenses of Central Administration**

*"The General Chapter shall fix the rate of taxation of each District of the Institute for the general expenses of the Institute. These arrangements might be modified in the period between Chapters by the General Council, after consultation with the Economic Council of the Institute" (Book of Government, Chapter 29, 6).*

*It is proposed that there be established five levels of financial participation, graduated in steps of 20%; each District would be assigned by the General Chapter to one of these levels, depending upon:*

- a) the relative standard of living in the country, and*
- b) the relative ability of the Districts to contribute to the general expenses of the Institute.*

*In case of extreme hardship, a District might be exempt from all taxation.*

***The assignment of a District to a certain level of participation** would be made after consultation among the Visitors of the region concerned, and taking into consideration as many economic factors as are known: the financial reports of the Districts; the standard of living in the area; the relative value of work translated into purchasing power in the area; the sources of revenue for the Brothers of the District, especially the salaries they receive, etc.*

**The annual tax per Brother would depend upon:**

- a) *the level of participation determined by the Chapter for his District;*
- b) *the annual budget of the Institute;*
- c) *the distribution of all the Districts of the Institute in the various levels of participation.*

## **Method**

Each District will suggest to the Financial Commission (= International Finance Committee) the level of participation it thinks it can support. The Finance Commission will study this listing of Districts, and after consultation with the visitors involved, will make whatever adjustments seem necessary. The General Chapter will approve any final listing of Districts in levels of participation".

## **3.4 CONTRIBUTIONS FROM COMMUNITIES AND ESTABLISHMENTS**

### **R. 33. (2<sup>nd</sup> par.)**

*"Whatever a Brother produces by his work, and whatever he receives as a salary, pension or donation, belongs to the Institute".*

There are various ways of administering finances. For example:

- a) The Brothers hand over all their revenues, their incomes, the fruits of their work, their remunerations to the Bursar of the District, who redistributes them amongst the communities according to budgets drawn up and approved by the Visitor and his Council.
- b) The Brothers hand over all their revenues or incomes and the fruit of their work to the Community or to the local Bursar, who then pass on to the District Bursar a certain sum determined by the Visitor and his Council.

## **3.5 BROTHER SUPERIOR'S FUND**

This Fund is at the disposal of Brother Superior General and is used for urgent and unscheduled requests: help in emergencies, unforeseen needs, donations to sectors without resources, missions, etc.

It is maintained through donations made for varied reasons and by different people: during visits to Districts, donations from certain sector, certain Brothers' patrimony, etc.

## **3.6 THE SHARING FUND**

The basic principle is derived from the **DECLARATION ON SHARING** of the 1976 Chapter (cf. Circular 403, October 1976, page 103).

Article 89 of this **DECLARATION** is the origin of the **SHARING FUND**:

*"The different Districts of the Institute share their resources with their Brothers in the following ways:*

1. *By contributing, according to their resources and capacity, to the maintenance of the services of the Central Administration.*
2. *By participating in the relief of diverse special needs which are provided for in the general budget of the Center of the Institute.*
3. *By voluntarily committing themselves to meet certain specific needs. The central administration regularly informs the Districts of these needs and the occasions for contributing to them as they arise.*

4. *By encouraging close collaboration at the District and community level with Brothers living in other regions, so as to share personnel and financial resources with them in fraternal union with their apostolic work. This liaison is sometimes called **twinning**.*"

Basically, the fund is intended to finance the special needs of Brothers, the preparation of candidates, and poorer Districts. The experience often years had shown that suggestion to be inadequate, considering the multiplicity of the needs. The second Proposition of the General Chapter of 1986 attempts to correct that deficiency.

#### **GC 86, prop. 2**

*"The General Chapter asks the Superior General and his Council:*

- \* to extend the sharing fund so as to help the Districts in difficulty, particularly with regard to initial and continuing formation;*
- \* to encourage the Districts to share personnel -according to their means- with the sectors of the Institute in need of it". (...)*

#### **GC 93, TWINNING**

*"Certain Districts and Regions, as a way of practicing interdependence, have been gradually creating funds dedicated to the District, sub-District, or Delegation with which they have a twinning relationship. The interest and dividends from these funds help to cover partially the expenses of formation and District Administration."*

#### **Proposition 46**

*"That the twinning between sectors of the Institute be established in agreement with the Superior General and his Council.*

*That the fund be administered jointly by the twinned sectors and with respect for the principle of subsidiarity."*

### **3.7 LASALLIAN FORMATION FUND**

This Fund was established to meet the needs of Brothers in formation.

It is maintained by means of donations and an annual grant from the budget of the central government. A percentage (15%) of the annual contributions to the Sharing Fund, is allocated to the Formation Fund.

The 42<sup>nd</sup> General Chapter (1993), invited communities to make a special contribution to this Fund, as a sign of support and a symbol of confidence in the development of the Lasallian mission. Each District, sub-District and Delegation decides how best to do this. (cf. GC 1993, Prop. 47)

### **3.8 SECOLI (International Service of Lasallian Cooperation)**

The purpose of this Fund is to help specific projects and programmes, above all in missionary countries or in third world sectors.

SECOLI carries out the following tasks:

- a) SECOLI informs the Brothers and sensitizes them regarding the Missions particularly by means of periodical publications.
- b) It requests funds for the missions from Districts, and organizations outside the institute. It prepares funding schemes for submission to Districts.
- c) It allocates resources to the Missions according to what has been decided by the Superior General and his Council.
- d) It facilitates the transfer of funds for the Missions.
- e) It remains in contact with District and Regional missionary secretaries.

Appeals for help sent to SECOLI must have prior approval of the Visitor with his Council. The amounts paid must go via the District Bursar who subsequently informs SECOLI regarding the use of these funds.

**GC 86, prop. 2,3e**

*"As for "mini-projects", the present policy will be maintained. SECOLI will collect and study the requests and will then propose them to some Districts. Those Districts that contribute to the implementation of such "mini-projects" will be directly informed of the use of the funds."*

**GC 93, prop. 48**

*"That the sectors of the Institute that give aid and those that receive aid inform SECOLI of the aid given and received.*

*That the recipients of the aid send to the donor an accounting of how the aid was used, in order that mutual trust and a spirit of cooperation be developed which would facilitate receiving more aid".*

**3.9 OTHER FUNDS**

**a) Postulation Fund**

This is a special Fund set up on the basis of gifts and donations to help finance causes of beatification. It should be pointed out that causes of beatification are normally self-financing, or else, their expenses are covered by the Region or the Districts concerned.

**b) Masses for the deceased**

**R. 80b.**

*"The Center of the Institute arranges to have a Mass celebrated every day for the deceased Brothers, relatives, affiliated members and benefactors. (...)"*

In the budget of the Generalate, an annual amount is included to implement the article 80b of the Rule.

Some Districts ask the Mother House in Rome to have Masses celebrated for their deceased Brothers. It gives the Brother Bursar General the opportunity to send to the missionaries of Africa, Asia, and Eastern Europe, intentions for Masses paid for by the District. This is a means of helping poor priests and poor parishioners.

## Section Two – GENERAL RULES OF GOOD ADMINISTRATION

### Chapter 4 – THE ADMINISTRATION OF GOODS

#### 4.1 DEFINITIONS

The administration of goods is directly related to the patrimony.

**Patrimony:** The sum total of goods and net assets of a person (physical or moral), or of a group of persons (family, society, etc), calculable in terms of money.

**Goods:** Income from financial activity. This income can be spent directly or indirectly, or serve as a source of revenue (fixed capital).

**Credit:** The right to benefit from the payment of a debt in kind or in cash. Credit is the counterpart of a debt chargeable to the person required to pay it. Credits like debts are analyzed in terms of when they fall due, that is, in terms of the date on which the payment of the loan can be demanded.

#### 4.2 ORDINARY EXPENSES

Ordinary expenses are the annual current expenses which enable a Community of Brothers, a District, or an Institute undertaking to function normally. Their amount depends on the size of the community, the District or the undertaking.

In addition, ordinary administration is also concerned with: the preservation, productivity and the growth of the patrimony. Normally, the expenses for this should not exceed ordinary revenues. Administrators must at all cost avoid committing themselves to expenses without first examining how to pay them.

#### 4.3 EXTRAORDINARY EXPENSES

These are such because of the nature of their purpose and the stipulations of the Rule. They usually concern construction, permanent improvements, borrowing and acquisition of property.

Before incurring these expenses, it is advisable to do the following:

- a) make sure to secure the advice of experts every time the nature and the importance of the matter warrants it;
- b) calculate the costs as precisely as possible without forgetting hidden expenses: fees, various taxes;

- c) study the financial consequences of the proposed expense: a decrease in income, interest charges, an increase in everyday expenditure such as: taxation, upkeep of buildings and furniture, need for increased personnel;
- d) draw up a financial plan which sets aside the resources required to meet the proposed expenses;
- e) obtain the permission of the Superior General and the consent of the General Council for all important acquisitions of property or buildings, for all large scale construction or restoration, for all outside borrowing when the cost exceeds the maximum that can be authorized by Brother Visitor and his Council. This amount will be revised periodically.

In each District, the Visitor with the assistance of his Council has to define the powers of communities in economic matters, and the ceiling of extraordinary expenses not to be exceeded by Directors and Bursars. Beyond this limit, permission has to be obtained from the Visitor. (See chapter 24)

#### **4.4 TRANSFER OF POWERS AND SIGNATURES**

When a bursar is changed, he hands over to his successor a written and signed report on the economic and financial situation, and the state of the patrimony of the District, of the Community and of each of the funds. His successor will testify in writing and with his signature that he has seen all the accounts. A copy of these documents must be kept in the archives of the Community or of the District.

At the same time, all the necessary formalities have to be carried out regarding the change of signatures for the different bank accounts.

#### **4.5 LEGAL FORMALITY OF ACTS**

Every act of temporal administration of whatever importance has to be written down and if necessary accompanied by all legal documents relating to it. One must never rely on memory only.



## **Chapter 5 – PURCHASES - BORROWING - ALIENATIONS**

### **5.1 GENERAL PRINCIPLES**

Before taking a final decision about a sale, purchase, construction, renovation or extension of a building etc., the District Council will express its approval or disapproval of the request, after taking into consideration the advice of its Economic Council.

If the expenses are beyond his powers, the Visitor must first write to Brother Superior for his permission to proceed with this expenditure, (cf. Rule 138)

If the project involves one or more loans, a separate request must be presented for each with a plan to finance the project or arrangements for paying off the debt. A copy of the balance sheets of the last two years should be added to the report. The length of time needed to study a dossier in Rome, normally is not more than two or three weeks.

### **5.2 BUYING PROPERTY OR A BUILDING**

#### **AD 29-1.**

*"For all purchases exceeding the upper spending limit of expenses not requiring authorization, the Visitor will send Brother Superior documentation including the following:*

- a) reasons for the purchase;*
- b) the location and a brief description of the property or building to be bought;*
- c) the names of the owners who are selling and of the body that is buying;*
- d) the price of the purchase in the local currency and in US dollars;*
- e) the total cost of the transaction, including all expenses, and any conditions attached;*
- f) details of how the purchase will be funded, annual financial statements for the previous two or three years, and forecasts for the future;*
- g) various opinions (that of the District Council, the District Financial Council...)"*.

### **5.3 BUYING IMPORTANT EQUIPMENT**

#### **AD 29-2.**

*"Normally, where building is concerned (cf. 5.4), the cost of equipment must be included in the total cost. In this section, we are referring rather to non-educational establishments run by the Brothers, like printing works, bookshops, agricultural land, etc... Documentation sent to Brother Superior should include:*

- a) the reasons for buying;*
- b) brief description of the use of the equipment in question;*
- c) the name of the organization making the purchase;*
- d) the cost of the purchase including all taxes;*
- e) details of how the purchase will be funded;*
- f) various opinions" (District Council, District Economic Council...).*

## **5.4 CONSTRUCTION, DEVELOPMENTS, AND IMPORTANT REPAIRS**

*"If the building in question is a school, a retirement home for old Brothers or a nursing home for sick Brothers, or a house of formation, etc...; or if the alterations and major repairs are to be made in an already existing house, the documentation sent to Brother Superior will include the following information:*

- a) reasons for the proposed building work;*
- b) the name of the company doing the building, alterations or repairs;*
- c) a description and the plans of the proposed building;*
- d) the expected cost (estimate) of the work in the local currency and in US dollars;*
- e) various opinions" (District Council, District Economic Council...).*

NOTA BENE: Add the funding plan and balance sheets for the last two or three years.

## **5.5 BORROWING**

### **5.5.1 Outside the Institute**

#### **AD 31-1.**

*"Borrowing externally and making external loans below the official upper spending limit, does not require authorization. Sums which are above the limit have to be referred to Brother Superior. Requests for authorization should be accompanied by the following information:*

- a) reasons for loan;*
- b) the name of the borrower and of the lender;*
- c) the sum being borrowed and the annual rate of interest;*
- d) duration of the loan;*
- e) scheme for repayment of loan;*
- f) the annual financial statements for the previous two or three years of the District or organization requesting the loan;*
- g) various opinions (District Council, District Economic Council...), photocopies of letters of guarantee from local authorities or other bodies (given in some countries), mortgages applied for.*

## **5.5.2 Within the Institute**

### **AD 31-2.**

*"Authorisation is required from the administrative centre of the Institute only if the amount involved is more than twice the usual upper spending limit.*

*In cases where the sum involved is higher than this doubled spending limit, the request for authorisation from Brother Superior should be accompanied by the following information:*

- a) the names of the borrower and the lender;*
- b) reason for the loan;*
- c) the amount involved and under what conditions;*
- d) a copy of the proposed contract for signature by the Bursar General, acting as official witness for the central administration of the Institute".*

## **5.6 ALIENATION OF GOODS**

Alienation is the transfer of property rights either in return for payment or free of charge, of goods belonging to the Institute, to a physical person or to a juridical entity.

These movable or immovable goods, sacred or secular, are the property of an ecclesiastical moral person (the Institute, according to the Code of Canon Law) even if according to the Civil Code they are the property of a physical person, in our case a Brother, or of a non canonical moral person.

In addition, alienation means also any act by which a "jus in re" (right in the matter) is conceded to somebody else, with the result that the property itself, even if kept, is devalued, and henceforth the situation of the owner is altered.

For example: renouncing an active constraint, accepting a passive constraint, conceding the right of litigation, transaction, compromise, pawning, mortgage, etc.

### **Can. 1294, § 1**

*"Normally, goods must not be alienated for a price lower than that given in the evaluation."*

### **Can. 1294, § 2**

*"The money obtained from alienation must be carefully invested for the benefit of the Church, or prudently expended according to the purposes of the alienation."*

## **5.7 DOSSIER TO BE TRANSMITTED IN CASE OF SALE**

### **AD 32**

*"For the sale of land or buildings, the request for authorisation from Brother Superior should be accompanied by the following information:*

- a) reason for the sale;*
- b) the location and a brief description of what is to be sold;*
- c) the name of the purchaser;*
- d) the value of what is being sold in the local currency and in US dollars;*

e) *what the money from the sale will be used for;*

f) *various opinions*" (District Council, District Economic Council...).

## **5.8 CIVIL AUTHORIZATION**

### **Can. 1296**

*"When alienation (of ecclesiastical goods) has taken place without the prescribed canonical formalities, but is valid in civil law, the competent authority must carefully weigh all the circumstances and decide whether, and if so, what action is to be taken, namely personal or real, by whom and against whom, to vindicate the rights of the Church."*

## **5.9 ALIENATION BENEFITING RELATIVES OR EMPLOYEES**

### **Can. 1298**

*"Unless they are of little value, ecclesiastical goods are not to be sold or leased to the administrators themselves or to their relatives up to the fourth degree of consanguinity or affinity, without the special written permission of the competent authority."*

## **5.10 ABUSES TO BE AVOIDED**

Visitors and Directors will make sure that no abuses occur especially when a Brother is sent to another Community, when a Brother dies or when a Brother leaves the Institute.

When a Brother receives an obedience for another Community, the Director, with the advice of the Community, must authorize what he takes to the other Community. When a Brother leaves the Institute, the Visitor is the one who authorizes what can be taken. Following the death of a Brother, the Director must make sure that manuscripts and objects that would be suitable material for the Archives are not destroyed.

## **Chapter 6 – CONSTRUCTIONS**

### **6.1 BEFORE BEGINNING THE WORK**

Before starting construction or renovation, care must be taken:

- a) to appoint a committee to study and supervise the project and its execution;
- b) to choose an architect or a qualified expert to draw up plans;
- c) to appoint a lawyer to draw up the contract, wherever this is the practice;
- d) to secure a construction permit, if this is required.

### **6.2 ARCHITECT**

The appointment of the architect requires the approval of the District Council. The architect must be told exactly what is expected of him. The contract should stipulate:

- a) the special requirements and needs of the building in question;
- b) the number and the type of rooms;
- c) their distribution and their means of communication;
- d) the fees, the conditions governing construction work, the completion date of the work.

### **6.3 PLANS AND ESTIMATES**

Plans and specifications are to be handed over to a competent committee appointed by the District Council with the responsibility of supervising the execution of the work until its completion.

Estimates must give a true idea of costs incurred, all taxes included. The committee must make sure that the estimates correspond to the needs of the house, to standards and soundness and security, and to authorized expenses. The estimates must include not only the expenses required to purchase the land, the cost of construction, infrastructure, i.e. the drainage, the sewage system, the purification of soiled water..., but also the fees to be paid to the architect and to the engineers.

The plans and final specifications should be drawn up so as to meet the requirements of civil authorities. A specification book of conditions is also required to help the contractor entrusted with construction. The contracts can be given for a fixed sum or according to the estimate.

#### **6.4 INVITATION TO PRESENT BIDS**

All important construction work will be put out to tender accompanied by the detailed and descriptive estimates drawn up by the architect. The tender will be put out to a sufficient number of firms to encourage competitive prices. The legal formalities of the country concerned must be respected.

#### **6.5 INSURANCE**

Before signing any contract, our representatives will require from the architect and from each of the contractors chosen a proof that they are properly insured against all professional risks until the completion of the job or during the legal period of warranty.

It is advisable and recommended, even if no law of the country requires it, to take out special insurance guaranteeing the completion of the work in case of default of firms (for instance in case of bankruptcy) and guaranteeing similarly the setting right of all construction defects during the legal period of the warranty.

## **Chapter 7 – GIFTS AND DONATIONS TO THE INSTITUTE**

### **7.1 DEFINITIONS**

**Gift:** a gift is something offered gratuitously for nothing in return.

**Donation:** a donation is the act of handing over goods subject to conditions and/or obligations.

### **7.2 GIFTS INVOLVING NO OBLIGATION**

What is given to the communities or to the establishments that are dependent on them, may be accepted by the Director; moreover, he must not refuse to do so without the permission of the Visitor. It is advisable for the Director to examine with the Community or his council the gift to be received and the use to be made of it. If the value of the gift exceeds what is allowed by the Visitor, the Director will let him know. The Visitor will then give his instructions regarding the best use to be made of the gift, either by the Institute or by the establishment.

### **7.3 DONATIONS ENTAILING CONDITIONS OR OBLIGATIONS**

Donations could be for pastoral work to be undertaken or maintained, and for financial benefits. The consent of the Visitor, after the advice of his Council has been given in writing, is required to authorize a moral person of the Institute to accept pastoral obligations dependent on a donation. Donations linked to constraints are not to be accepted without the advice of the Superior General unless the obligations are minimal and for a length of time not exceeding a period of five years.

#### **7.3.1 Power to refuse**

The possibility of refusing gifts and donations is the privilege of the Visitor once he has taken the advice of his Council. For more important matters, he is required to inform the Superior General beforehand.

#### **7.3.2 Acceptable donations**

We may accept with the approval of the Visitor donations intended for study grants for the Brothers, for students, for lay teachers in our establishments, for missionary organizations, for our social educational work, for the support of our older and retired Brothers. These donations must be incorporated into one of the funds of the District, according to their destination and their objectives.

### **7.4 DONATIONS DEPENDENT ON A LIFE-TIME PENSION**

It is preferable to avoid this type of donation or at least to remain very cautious when accepting, and making sure everything is in agreement with the laws of the country. Such donations could possibly conceal a violation of the civil law or of fiscal regulations. The capital must sometimes be kept until the death of the donor.

## **7.5 PRECAUTIONS**

- a) Avoid assuming obligations regarding to donations before receiving written permission.
- b) Let the benefactor know that we are not allowed to accept in perpetuity the assignment of goods and any benefits that accrue from the donation for a fixed and unchangeable purpose.
- c) The donor must authorize the major Superiors to spend the income and even the capital of the donation for other purposes than those stipulated in the act of donation when this seems advisable for the glory of God and the well- being of others. The Visitor cannot change the purpose of the donations without the advice of his Council and the permission of the Brother Superior General.
- d) The contract must always be in writing and done in duplicate.
- e) Certain dangers must be borne in mind: loss of capital, devaluation of capital or of income, currency fluctuations.
- f) It has to be stipulated that legal obligations can never exceed the capital or the income actually derived from it.



## **Chapter 8 – LOANS, DONATIONS, AND GIFTS MADE BY THE INSTITUTE**

### **8.1 LOANS**

#### **8.1.1 Loans to relatives**

It is wise and safe for a Director or for a Visitor to avoid making loans to a relative or to a next of kin. Experience shows that very often those loans become loans with no hope of recovery. If, however, this has to be done in certain special circumstances, permission must be obtained beforehand from the Visitor with the advice of his Council.

#### **8.1.2 Loans to other persons**

If, however, in an isolated and very serious case (for instance to help our collaborators: teachers, employees) it seems advisable for the District, the Community or the establishment to lend money or goods to someone, this can be done only in a case where recuperation is assured. The amount and the conditions of a contract valid in civil courts must be written down, as should also the date when the payment is due and other specifications.

It is the responsibility of the District Council to establish the practical norms of lending. It should bear in mind the labour and fiscal legislation of the country concerned.

#### **8.1.3 To guarantee personally**

It is forbidden for a Brother to guarantee personally, in any way whatever, sums of money, loans, the solvency of another person, etc.

### **8.2 DEPOSITS FROM PERSONS OUTSIDE THE INSTITUTE**

Directors and Administrators are not allowed to receive money deposits from persons outside the Institute, either in cash or in securities, or other valuables, etc, except for serious reasons, with all precautions taken, and with the written permission of the Visitor.

In such cases, deposits in cash by persons who want to escape taxation illegally must be refused.

When a deposit is given back to its owner, care must be taken to insist on a receipt from the depositor, certifying that the deposit has been given back and that no appeal can be made against the Community, the District or the Institute.

### **8.3 DONATIONS AND CHARITABLE GIFTS**

### **8.3.1 Outside the Community**

#### **R. 35b.**

*"As they pool resources that derive from their labour, the Brothers are careful that this does not lead to collective wealth; on the contrary, they share generously with their Brothers, the Districts most in need, and also with the poor."*

Budget estimates should allocate certain sums of money to poor people and charitable organizations.

### **8.3.2 Donations to relatives**

The Brothers will avoid giving without good reason, Institute money to their relatives, friends, acquaintances, or others through filial devotion or imprudent compassion.

### **8.3.3 Gifts of goods**

In the case of gifts made outside the Institute in movable or immovable goods (lands, buildings, money), care must be taken to abide by the prescription regarding alienation of goods (see Chapter 5), and more specifically, the permission to be obtained from the Superior General and his Council.

## **Chapter 9 – THE BUDGET**

### **9.1 DEFINITION**

**Budget:** The budget is an accounting document which forecasts income and expenditure for a period of time specified by an individual or by a group of persons, and given executive force and made binding by the relevant authority.

The budget is essential as a means of organizing and planning for the future. It is drawn up on the basis of a decision, freely taken:

- to oblige oneself in advance to make some choices,
- to oblige oneself to respect these choices, once they have been made.

### **9.2 OBLIGATIONS**

#### **Can. 1284, § 3**

*"It is earnestly recommended that administrators draw up each year a budget of incomes and expenditures. However, it is left to particular law to make this an obligation and to determine more precisely how it is to be presented."*

#### **R. 60a.**

*"Each Community has a financial administration, a budget and accounts separate from those of the educational establishment or establishments of which it has charge. (...)"*

The budget of establishments under the control of the District must be submitted to the District Council or to some other legally constituted body, a Board of Trustees, for example, recognized by the District.

#### **R. 140a.**

*"In conformity with the guidelines established by the District Chapter, the Bursar, with the help of his Council, prepares the annual budget which he then submits to the Brother Visitor and his Council. (...)"*

### **9.3 THE CONTENT AND THE PRESENTATION OF THE BUDGET**

The content of a budget and its presentation are determined by the local needs and also by the instructions and the guidelines of the District. (See appendices)

### **9.4 THE PREPARATION OF THE BUDGET**

- a) The person responsible for the budget, together with others responsible for budget accounts, prepares a general budget on the basis of these budget accounts.
- b) The real expenses and the revenues of the previous two financial years and the previous year's budget are the basis on which the budget is drawn up. Major variations anticipated and based on inflation or on other economic factors should be considered when drawing up the new budget.

## **9.5 A WELL-BALANCED BUDGET**

If total expenditure, at least the everyday expenditure, matches total forecast revenues, the result is a balanced budget. If a deficit is unavoidable in the ordinary budget, a clear explanation of the reason should be given; and other possible sources of funding should be mentioned also.

## **9.6 BUDGET FOR EXTRAORDINARY EXPENSES**

When extraordinary expenses are foreseen, a clear distinction is to be established between the normal budget and the budget for those exceptional expenses.

If the planning of exceptional expenses, of spending of capital, of long term investments and of payments of long term debts cannot be covered by funds available from ordinary normal sources, an outline of the method of financing must be presented.

## **9.7 BUDGET PERIOD**

- a) The budget can be drafted for varied lengths of time. There are long-term, medium-term and short-term budgets.
- b) As a rule, a budget covers a fiscal year. Nevertheless, the budget may cover shorter periods (a term, a month).
- c) The budget must be drawn up before the beginning of the fiscal year, so that there is time to examine and approve it.

## **Chapter 10 – BOOKKEEPING**

### **10.1 PRINCIPLES OF BOOKKEEPING**

Bookkeeping must follow universally accepted standards in order to be easily understandable.

There should be uniformity in a District. Such uniformity is desirable, as far as possible, throughout the same country and the same region. It is this uniformity which makes required comparisons possible.

All financial operations have to be rigorously noted. Their analysis will be more or less detailed depending on what information this analysis is supposed to provide

#### **GC 93, Recommendation n° 10 addressed to the Districts:**

*"That all Districts, Sub-Districts and Delegations adapt their accounting system to the system in use in their country in order to facilitate clear and reliable financial information for themselves and the Centre of the Institute"* (cf. Circular 435, June 1993, p. 94).

### **10.2 FINANCIAL PLANNING**

The financial planning of a District, of an establishment, of a house, must follow the common practice of the country concerned (See the appendix). It should provide all the information required for the administration of goods and for subsequent auditing. Care must be taken to observe legal, fiscal and social legislation.

### **10.3 CENTRALIZATION OF BOOKKEEPING**

Certain Districts have discovered the advantage of setting up a central accounting system. With the arrival of computer networks, it has become possible for different communities to be linked up to the micro-processor of the District Bursar and to use the same software.

### **10.4 DAILY BOOKKEEPING**

Daily, one must write down everything that has been received or spent in cash for whatever reason and also all other bookkeeping operations. One must not rely solely on memory. All bookkeeping operations must be accompanied by a supporting document.

### **10.5 INVENTORY**

At least once a year, the inventory of stock must be made so that it can be entered into the accounts. This inventory must be part of the annual report.

## **10.6 APPRAISALS**

A detailed list giving the value of each item should be brought up-to-date periodically. Such a list should include buildings, furniture, furnishing, equipment and vehicles.

## **10.7 JUSTIFICATORY DOCUMENTS**

It is advisable to keep, at least for the time stipulated by the law of the state, all invoices of expenses of whatever nature they may be, even those relating to purchases of minor value. When there is no document justifying an expense, it is recommended to write down, the date, the amount, the description of the expense and add one's signature.

## **Chapter 11 – CHECKING/CONTROLS**

### **11.1 BOOKKEEPING ORGANIZATION**

Administration and bookkeeping should be organized in such a way that effective checks can be made. The purpose is to protect goods and the persons involved in one way or another in this administration, and to enable them to behave always honestly and to keep their reputation intact.

Usually, the major Superior keeps a check through the District Bursar at a District level, and through the Bursar General, at an Institute level.

### **11.2 ORGANIZATION**

It is advisable and sometimes compulsory to have recourse to auditors from outside the Institute to check important matters. It is the responsibility of the Visitor with the advice of his Council, to appoint them and to specify their task.

### **11.3 IMPORTANT POINTS TO CHECK**

Although the list is not exhaustive, experience shows that the following points need checking:

- a) income in cash that could be withdrawn without permission and given to someone, or passed on to the Community or the establishment after a delay;
- b) documents establishing our claims against outsiders;
- c) payments made to relatives or friends without the necessary permission;
- d) pay slips for non-existent staff or salaries higher than they should be;
- e) the purchase of goods at excessive prices to the benefit of the salesman; a rebate or a discount given by the salesman to the purchaser in cash or kind;
- f) a sale or an alienation below the true price;
- g) pilfering stocked supplies;
- h) bookkeeping entries not backed up by a document;
- i) credit transfer accounts and waiting accounts.

### **11.4 SOME USEFUL WAYS OF COUNTERING ABUSES**

- a) separating function and responsibility as much as possible especially bookkeeping from financial deals.
- b) requiring double signatures for certain financial deals and certain official documents and accounts;
- c) checking periodically and at random intervals the cashier's work;

- d) choosing competent and honest persons who realize that they are under discreet surveillance;
- e) checking statements sent regularly by the banks;
- f) checking signatures and permissions given for expenses;
- g) checking documents supporting payments, delivery of merchandise, and services;
- h) keeping a watchful eye on loan documents especially if bad debtors or insolvent persons are concerned;
- i) checking whether some wages or salaries are not paid regularly or not paid at all;
- j) comparing periodically results with the budget.



## Chapter 12 – KEEPING DOCUMENTS

### 12.1 CHOICE OF DOCUMENTS

#### Can. 1284, § 2

*"Therefore they (the administrators) must: (...)*

*9° Keep in order and preserve in a convenient and suitable archive the documents and records establishing the rights of the Church or institute to its goods; where conveniently possible, authentic copies must be placed in the curial archives."*

Bursars must make sure that the documents mentioned below are kept and classified in order to facilitate access at all times. It is the responsibility of the Visitor, with the advice of his Council, to decide what documents must be kept in the archives of our communities, of our establishments and the ones to be kept solely in the archives of the District.

### 12.2 OFFICIAL DOCUMENTS

**Canonical establishment:** permission of the local bishop and of the Superior General.

**Legal recognition:** of the District, work, establishments, communities: charters, title acts.

**Property titles:** mortgages, right-of-way, acts of covenant, surveys, etc.

**Contracts:** purchases, sales, rentals, use and usufruct, payment mortgages and easements, loans, borrowings, deposits made or accepted, foundations, insurance policies, job benefits, publishers, printers, etc.

**Wills** of Brothers.

**Agreements:** regarding temporal matters with public, ecclesiastic and civil authorities, or private or public juridical persons, canonical covenants, etc.

**Letters:** sent or received and relating to important temporal matters.

**Auditor's reports:** Accounts audited by outside experts. Accounts sent in regularly by Communities and establishments sponsored by the Brothers of the District.

### 12.3 ACCOUNTING BOOKS

**Communities and establishments:** the accounting books are kept as long as the civil law requires it and until the District Bursar authorizes their destruction.

**Districts:** the civil law must be respected and it is recommended to keep the accounting books of the District indefinitely on account of their historical value.

### 12.4 BACK-UP DOCUMENTS

These documents must be kept for at least as long a time as determined by the civil law. After that, the District Bursar decides with the advice of the Economic Council, which documents to keep, reduce or destroy.

## **12.5 PLANS, PROJECTS**

The following must be kept also: plans of buildings, of the sewerage system, of the electricity and heating systems as well as revised plans for improvements.

## **Chapter 13 – INSURANCE POLICY AGAINST DAMAGE**

### **13.1 DEFINITION OF DAMAGE**

In insurance terms, **damage** means fires, floods, cataclysms, accidents, robberies, civil responsibilities, etc.

### **13.2 BROKERS**

In all these matters, the insurance broker is always the person qualified to advise when the assessment of risks and the buying of protection are concerned.

The broker should be an expert, an adviser we can trust.

### **13.3 CHOICE OF THE BROKER**

A number of brokers are invited to put in a bid. The brokers referred to here are ones who deal with the insurance of groups similar to ours.

The insurance portfolio must be entrusted to a single brokerage firm. Otherwise, there could be confusion as to whether an item is insured by one firm or by another.

### **13.4 ANALYSIS OF RISKS**

In order to determine needs, the different risks should be divided up according to the categories listed below.

#### **13.4.1 Potential risk of light losses**

The amount the Community is able to pay has to be considered. Also, in some cases, will the premiums be higher than the cover? What cover should be chosen?

#### **13.4.2 Potential risk of successive losses**

This refers particularly to motor vehicles. The insurance agent or company, realizing the obligation of paying each year a rather high sum for several minor disasters or accidents, will tend to include this amount in the premium of the coming renewal. It is advisable then to study the possibilities of increasing the cover. Besides, more rigorous criteria could be adopted regarding high risk drivers.

#### **13.4.3 Potential risk of major losses**

These are fires, floods, cataclysms, in other words, serious damage. In contracts of this nature, care must be taken to consider the type of activity pursued in the establishment, the cost of replacement of the buildings and of their contents.

#### **13.4.4 Risks involving personnel**

This is called reliability because it offers protection to the insured should an employee embezzle funds. All establishments should have this type of protection and be realistic in their approach to people.

#### **13.4.5 Comprehensive Insurance**

In order to determine whether certain risks regarding possessions should be excluded from our insurance policies, it is advisable to ask, at the same time, for an overall insurance with extended comprehensive protection with different cover. Based on the prices put forward by the insurance agents, we would then be able to evaluate the effects of mutual insurance clauses.

## **13.5 PRACTICAL ADVICE**

### **13.5.1 Texts**

Read the insurance policies in full. Pay attention to the following points:

- date of the policy
- amount
- description of the buildings
- description of the contents
- amount of the cover
- exception clauses

### **13.5.2 All risks Insurance**

The all risks protection offers a greater security for a minimal difference in price.

### **13.5.3 Full value**

This clause means that after a disaster the broker will indemnify without considering the depreciation of the damaged property.

Indemnification at real value (which is the depreciated value) means in fact that the depreciated value on the day of the disaster will be what the cost would have been to re-place a property when the disaster happened, minus a per-cent for each year since the day of the acquisition for a piece of furniture, and since the day of construction for a building.

### **13.5.4 Changes**

When the time for modifying, buying or acquiring new buildings arrives, the broker must be contacted without delay.

### **13.5.5 Subcontracting parties**

Insurance certificates exist for subcontracting parties. We must oblige subcontracting parties to show or present an insurance certificate. It is our right to ask a broker to write out an insurance certificate which will protect against legal proceedings. We may also require from the subcontracting parties a surety bond when the value of the work to be executed justifies such an insurance.

## **13.6 RESPONSIBILITY FOR INSURANCE**

The District Bursar, is normally the person primarily responsible for insurance. The reason for this is to avoid misunderstandings that could turn out to be costly.

## **13.7 INSURANCE SPECIFICATIONS**

It could become desirable to prepare a document listing insurance requirements and to ask three or four brokers to put in a tender. In this field, as in many others, competition may produce big savings.

## **Chapter 14 – INVESTMENTS**

### **14.1 ETHICAL PRINCIPLES RELATING TO THE ADMINISTRATION OF GOODS**

Persons holding financial responsibilities must avoid leaving money inactive or idle in safes or in current accounts {postal or banking). Since money is there to further the mission of the Institute, and is an important means of helping to achieve it, it must be administered in a dynamic and responsible way. Everything must be done to ensure that the sums available yield profits. The purpose of this is to increase the financial means at the disposal of Institute commitments, Regions, Districts, and the central government of the Institute.

#### **14.1.1 Cash in hand**

All the revenues and the expenses are to be registered daily either in an account book or a computer. A daily checking of the balance should be done in order to detect errors and possible disappearances. The amount of cash in hand should not exceed what is needed for the community. Surplus cash must be transferred to a bank account.

#### **14.1.2 Short-term investments - cash management**

- a) Bank accounts of all categories should be in the name of the juridical person of the Institute: a community, a school, a District.
- b) If for legal or political reasons a bank account has to be created in the name of a person, at least two signatories should be appointed and have the power to withdraw sums of money separately.
- c) Care must be taken to keep a close watch on the fluctuations of the interest rates on current accounts, and to profit from a better rate in savings banks on deposit certificates and on short-term or long-term treasury bonds, etc.
- d) In regions where the Institute is not tax-exempt, it is recommended to compare carefully tax rates imposed on the revenues of short-term and medium-term investments, and check which reduce the returns.
- e) Pooling funds at District or Region level is highly recommended because it makes it possible to secure higher interest rates. Such a pool helps to standardize living conditions in Communities and Districts.

### **14.2 LONG-TERM INVESTMENTS**

Effective management requires that a fair proportion of District or Regional resources be deposited in profitable investments. Forms of long-term investment are numerous and various:

- a) **titles:** stocks, bonds (corporate and government);
- b) **real-estate:** lands, buildings, offices, etc.;
- c) **mortgage loans.**

### **14.3 TITLES WITH FIXED REVENUES: BONDS**

The bond is a title representing a loan of money made by the purchaser to a public or private body or institution (government, municipality, a national or private undertaking and other institutions). The body promises to pay back the loan on the maturity date and to compensate the lender with a special interest rate.

#### **14.3.1 The purchaser of bonds**

The purchaser of bonds can normally rely on two things:

- a) to receive a fixed revenue whatever the fluctuations of the market;
- b) to recuperate the lent capital on redemption date;

On the other hand, he is subject to the following unknown factors:

- a) A decrease in the value of the capital lent;
- b) the rate of the bonds varying from day to day;
- c) the value of the capital liable to decrease or to increase, creating therefore, favorable or unfavorable conditions for transactions. Thus, when the interest rates increase, the quoted value of the capital decreases, and when the interest rates decrease, the value of the capital increases.

This inverse relation between interest rates and price of the bond must be kept in mind. It is preferable to sell them when the interest rates are at their lowest; if one wants to buy some, outside the issue, it is preferable to buy them when the interest rates are at the highest.

#### **14.3.2 Two forms of productivity or yield**

It is possible to have two types of productivity or yield:

- a) a fixed productivity taking the form of regular interest;
- b) a variable productivity in the form of a gain in capital by selling before the expiring date.

A loss in capital is also possible if one has to sell when the interest rates are high and the value of the bond is below par or below the price paid when bought.

#### **14.3.3 The risk**

Bonds as a rule involve fewer risks than other forms of financial investment because they are credit titles. The issuer has to pay the interest and in case of bankruptcy the capital is protected, at least partly, owing to the fact that the holders represent creditors. Nevertheless, he cannot avoid devaluation. Inflation reduces the value of the capital in the long term.

Bonds, like some other investments also have re-investment risk. The capital at maturity, or if the bond is sold early, may not be able to be re-invested at a similar or greater fixed revenue return, and might earn less.

#### **14.3.4 Productivity**

Return is proportional to risks. The higher the risk, the more the investor will demand a higher return. As a rule, bonds are less risky than stocks; therefore the investor should not expect its total return (interest and appreciation) to be greater than that of a stock. However, still considering the question of risk, the holder of a bond is entitled to expect a return superior to what he would have received if his money had been placed in a bank account.

It should be born in mind that fluctuations in the price of a bond are all the more important as the maturity date is further away and the interest rates offered are lower.

#### **14.3.5 Return after taxation**

Increase in capital and revenue from interest are not treated alike by the tax authorities. From a fiscal standpoint, increase in capital is preferable to revenue from interest. Thus, for the same return on settlement, the return after taxation is liable to differ according to whether capital or interest is involved.

### **14.4 STOCKS**

Shares are property titles and not credit titles. They make the owner a member of a company, as for example: limited company, a cooperative union, etc. He owns a certain amount of the capital of the company.

#### **14.4.1 Common stocks**

The holders of common stocks are the real owners of the firm, and at the rate of one vote for each common stock possessed, they elect the members of the board of Directors of the company. The dividend on common stock is not compulsory and may be left out by a decision of the board of Directors or of the general assembly.

#### **14.4.2 Preferred stocks**

Preferred stocks include certain rights and privileges that common stocks do not offer. On the other hand, the shareholder does not have the right to vote in general assemblies.

#### **14.4.3 Characteristics**

"Stocks" are growth titles. As opposed to bonds, they allow the owner to benefit by the improvement of the financial health of the business and to hope to obtain a dividend and/ or an increase in the value of the stock on the Stock Exchange market. Their return is limited and the risk also.

#### **14.4.4 Risk**

The risk for the investor of seeing the capital decrease is higher than in the case of bonds; and in the event of the liquidation of the business, the shareholder is not assured of recouping his original capital.

#### **14.4.5 Return on investment**

When an investor takes on a higher risk, he expects, but is not guaranteed, a higher return. Stocks enable the investor to receive:

- a) dividends which may vary according to the rate of development of the business;
- b) profits in capital which may be very high and can easily compensate for devaluation resulting from inflation.

### **14.5 THE CONSTITUTION OF THE PORTFOLIO**

The constitution of a portfolio for a Brother who has not been trained specifically in administration, is a laborious task which cannot be improvised. It is essential to ask the advice of experienced persons. These can be Brothers of our Institute or reliable lay people. We must entrust the management of our funds to well established investment companies known for their professional competence in the analysis of investments. We need to provide the manager clear investment goals and objectives related to income, growth, time horizon and risk tolerance.

### **14.5.1 Qualities of an efficient portfolio**

#### **a) Diversity**

An efficient portfolio must include a certain variety of investments in order to minimize the risks:

- 1) variety as to the asset class: bonds, deposit certificates, stocks, immobilizations, etc;
- 2) variety as to the time: maturity dates for bonds expiring over a period of 5 years or more, according to the needs; government bonds of less than one year;
- 3) variety as to the country where the investments originate, especially in certain countries where the currency is weak, where inflation devastates the economy.

#### **b) Protection against inflation**

An increase in prices often leads to higher rates of interest, with the result that the portfolio is vulnerable to inflation, especially a portfolio containing solely investments with a fixed return. Therefore, bonds must be included which have variable rates, convertible bonds, and/or immobilizations whose value increases as prices rise.

#### **c) Negotiability**

An increase in prices often leads to higher rates of interest, with the result that the portfolio is vulnerable to inflation, especially a portfolio containing solely investments with a fixed return. Therefore, bonds must be included which have variable rates, convertible bonds, and/or immobilizations whose value increases as prices rise.

#### **d) Security**

To make sure capital is safe, one must:

- 1) invest in well-established companies with a solid reputation, an important volume of business and a prosperous future in view;
- 2) give preference to any investments guaranteed by the State, over those of private companies.

### **14.5.2 Keeping an eye on investment returns**

The return on money invested depends on the following factors: rates of interest, risk, inflation, exchange rates, rates of state levying. These various factors must be examined regularly in order to modify, when necessary, the make-up of the portfolio.

Certain Districts maintain bonds or long-term investments, unaware of the fact that some of them have decreased in value and that the original capital received, after a certain number of years, will have lost a part of its purchasing power because of inflation. One has to be aware of the risks involved in these investments.

### **14.5.3 When to abandon an investment**

Never hesitate to abandon an investment in order to protect the capital of the Institute or to make an important gain that might otherwise be lost. However, do not try to time the market. Long term investors with a proper asset allocation will have periodic reviews for adjustment purposes.

### **14.5.4 A certain wariness**

Be suspicious of rates of interest that are higher than the average of the market; they frequently conceal an extra risk.

### **14.5.5 Fiscal advantages**



One must take into account the fiscal advantages related to diverse investments in the countries where the Institute can derive benefits.

#### **14.5.6 International markets**

It is preferable to invest in the assets of different countries, in real international markets.

The economic and political instability of a country very often makes the international diversification of investments financially indispensable, in order to protect the patrimony.

#### **14.5.7 Compare Investment returns according to one set of criteria**

One must know how to compare the returns of the different investments according to one set of criteria. Certain methods show a percent of return noticeably superior to that of other companies. Beware of those apparent advantages. Make certain to compare your investments and managers with similar investments and similar management styles.

#### **14.5.8 Management of buildings**

In the case of the acquisition of buildings, care must be taken to make sure that upkeep and supervision are assured. The choice of persons to see to this should be made in the light of the importance of property. They could be competent members of the Institute or an efficient building management society.

### **14.6 INVESTMENT POLICY**

Those responsible for a District, for a Region or for the Center of the Institute have to determine a financial policy based on their pastoral, educational and missionary priorities and specify the resulting financial needs.

#### **14.6.1 Objectives of long-term investments**

The normal objectives of long-term investments are the following:

- a) to safeguard capital, which means maintaining the nominal purchasing power by the annual equivalent of the inflation rate (time depreciates money);
- b) to receive a normal profit also;
- c) to increase the capital to meet future needs (pension funds);
- d) to use totally or partially the money available in case of urgent need (negotiability).

#### **14.6.2 Analysis of the financial situation**

An analysis of the present or future financial situation of the District can make it necessary to adopt a variety of investment policies:

- a) if normal resources are not sufficient to balance the budget, it is possible to have recourse to the annual revenues of the portfolio designated to cover deficits, using all or some of the revenues;
- b) one may not need these revenues for the time being. They can be reinvested and so contribute to the increase of the capital; these are the two main approaches which should normally govern the constitution of the portfolio, whose purpose may be either greater productivity of revenues or an increase in the capital as a whole;
- c) one could also adopt a mixed policy that took into account the annual need of all the disposable revenues and combined a slight revaluation of the capital. Such policies must remain easily modifiable and reckon with the national or the international economic situation.

#### **14.6.3 Moral attitude in the choice of investments**

The old saying that "money has no smell" cannot inspire the conduct of Brothers responsible for determining the investments of their Institute. More and more Congregations are sensitive to the moral aspect of the use of their money by companies.

It is undoubtedly difficult for an administrator working on his own to bear in mind all the recommendations of the defenders of the code of ethics.

#### **14.6.4 Prohibited investments**

Areas of investment prohibited for the Church and for the Religious Congregations are:

- a) the production, the importation or the distribution of pornographic material;
- b) the support of prostitution;
- c) projects relating to organized gambling;
- d) abortion;
- e) illegal drugs.

#### **14.6.5 Other areas**

As regards other areas, the line followed may range from the refusal to invest, to trying to establish a dialogue amongst the shareholders of a company, to bring about a change of policy. Amongst the areas referred to, we can mention:

- a) respect for human rights in countries with a repressive government, or in a company;
- b) the production of weapons of all kinds;
- c) respect for human rights;
- d) the production of tobacco and alcohol;
- e) discrimination.

## **Chapter 15 – PERSONAL GOODS AND LAST WILL**

### **15.1 BEFORE FIRST PROFESSION**

#### **15.1.1 According to the Code of Canon Law**

##### **Can. 668, § 1**

*"Before their first profession, members are to cede the administration of their goods to whomsoever they wish and, unless the constitutions provide otherwise, they are freely to make dispositions concerning the use and enjoyment of these goods. (...)"*

##### **Can. 668, § 2**

*"To change these dispositions for a just reason, and to take any action concerning temporal goods, there is required the permission of the Superior who is competent in accordance with the institute's own law."*

#### **15.1.2 According to the Rule**

##### **R. 34. (1<sup>st</sup> par.)**

*"Before their first profession the Brothers hand over to someone of their own choice the administration of their patrimony and its revenue."*

### **15.2 BEFORE PERPETUAL PROFESSION**

#### **15.2.1 According to the Code of Canon Law**

##### **Can. 668, § 1**

*"(...) At least before perpetual profession, they are to make a will which is valid also in civil law."*

##### **Can. 668, § 2**

*"To change these dispositions for a just reason, and to take any action concerning temporal goods, there is required the permission of the Superior who is competent in accordance with the institute's own law."*

#### **15.2.2 According to the Rule**

##### **R. 34. (2<sup>nd</sup> and 3<sup>rd</sup> par.)**

*"Before their perpetual profession the Brothers make a will, valid in civil law, by which they dispose of their personal temporal goods."*

*In order to change any of the dispositions already made, or to take any action whatever concerning their temporal goods, the Brothers need the permission of the Brother Visitor."*

#### **15.2.3 Supplementary comments**

##### **a) Bank account:**

To have a bank account, a Brother must have the permission of the Visitor. If this bank account includes personal goods, they form part of his patrimony and are administered according to the written will of the Brother.

**b) Salaires, pensions, subsidies, life insurance:**

**Can. 668, § 3**

*"Whatever a religious acquires by personal labour, or on behalf of the institute, belongs to the institute. Whatever comes to a religious in any way through pension, grant or insurance, also passes to the institute, unless the institute's own law decrees otherwise."*

**R. 33. (2<sup>nd</sup> par.)**

*"Whatever a Brother produces by his work, and whatever he receives as a salary, pension or donation, belongs to the Institute."*

### **15.3 CAPACITY OF RELINQUISHING PERSONAL GOODS**

#### **15.3.1 According to the Code of Canon Law**

**Can. 668, § 4**

*"When the nature of an institute requires members to renounce their goods totally, this renunciation is to be made before perpetual profession and, as far as possible, in a form that is valid also in civil law; it shall come into effect from the day of profession. The same procedure is to be followed by a perpetually professed religious who, in accordance with the norms of the institute's own law and with the permission of the supreme Moderator, wishes to renounce goods, in whole or in part."*

#### **15.3.2 According to the Rule**

**R. 35.**

*"In a spirit of gospel detachment any Brother having at least five years of perpetual profession may freely renounce his personal goods.*

*To obtain authorization to do this, the Brother presents his request to the Brother Visitor who then forwards it to the Superior General.*

*The act of renunciation will be, as far as possible, valid in civil law."*

The Institute contracts no obligation by authorizing the renunciation made by a Brother, if the latter subsequently leaves the Institute.

### **15.4 FORMULATION AND KEEPING OF THE WILL**

Brothers must abide by the civil legislation of their country regarding the way of formulating and keeping their testament. The original copy is to be kept in the Archives of the District and a second copy by the Brother. A model will can be found in the appendix.

### **15.5 ARRANGEMENTS CONCERNING BROTHERS LEAVING THE INSTITUTE**

**Can. 702, § 1**

*"Whoever lawfully leaves a religious institute or is lawfully dismissed from one, cannot claim anything from the institute for any work done in it."*

**Can. 702, § 2**

*"The institute, however, is to show equity and evangelical charity towards the member who is separated from it."*

**R. 46.**

*"A Brother who legitimately leaves the Institute, or who is legitimately dismissed from it, cannot demand recompense for any work done in the Institute. Charity and equity demand that the Brothers do not lose sight of their duties with regard to those who have left the Institute."*

## **15.6 ARRANGEMENTS CONCERNING CERTAIN INCAPACITIES**

Even if the terms used here do not apply to all countries, the text can still be used as a reference.

### **15.6.1 Permanent guardianship**

Guardianship is an act by which the State recognizes the total and permanent incapacity of a person to administer his goods and take care of himself. The State then appoints a guardian who thus becomes the legal representative of the individual to be protected in his person and in his goods. The Brother Visitor is the one who asks the State to appoint a Brother as guardian.

### **15.6.2 Temporary guardianship**

Temporary guardianship is an act by which the State recognizes the total and temporary incapacity of an individual to administer his goods and to take care of himself. The State then appoints a temporary guardian. The Brother Visitor is the one who asks the State to appoint a Brother as temporary guardian. Temporary guardianship may take various forms:

- a) guardianship relative to goods is restricted to the administration of goods;
- b) guardianship relative to the person is restricted to decisions relating to the physical person and includes: medical care, surgical operations and the well-being of the person in general.
- c) or, again, a combined formula of a) and b).

### **15.6.3 Delegation of power**

In certain countries, the law relating to permanent guardianship offers the possibility to all persons who have reached their majority and are capable of controlling their goods and of taking care of themselves, to appoint somebody of their choice to administer their goods and take care of them if they become incapacitated.

Where this is possible, the giving of powers of attorney is recommended. The Brother being in full possession of his faculties appoints, with the permission of the Visitor, the person he wants to have powers of attorney.

### **15.6.4 Donation of one's body and organs to science and cremation**

The Brothers are allowed to make the donation of their body and of their organs to science. This decision must be transmitted in writing to the Brother Visitor.

If a Brother wished to be cremated after his death, any such arrangements would have to take into account local recommendations and in particular those that have been established at the diocesan level.

## **Chapter 16 – MERGING OF DISTRICTS AND CLOSURE OF COMMUNITIES**

### **16.1 DISTRICTS**

#### **Can. 581**

*"It is for the competent authority of the institute to divide the institute into parts, by whatever name these may be called, to establish new parts, or to unite or otherwise modify those in existence, in accordance with the constitutions."*

#### **Merging of Districts**

If the Brother Superior authorizes Districts to merge, their patrimonies are also merged, if civil law permits. Provided that the Brother Superior and his Council agree, there can be a period of transition before a single administration is set up for the new District resulting from the merger (cf. AD, 53 to 56).

### **16.2 COMMUNITIES**

#### **16.2.1 Closure of Communities**

##### **Can. 616, § 1**

*"After consultation with the diocesan Bishop, a supreme Moderator can suppress a lawfully established religious house, in accordance with the constitutions. (...)"*

##### **R. 135. (2<sup>nd</sup> par.)**

*"The closure of a community is under the jurisdiction of the Brother Superior, the Bishop of the place having been previously consulted."*

##### **R. 138c.**

*"The following acts require the advice of the District Council prior to presentation to the Brother Superior General for ratification;*

*1° all plans for opening or closing a community, assuming responsibility for a pastoral work of education (...)" (cf. DA, 46 to 59)*

##### **R. 138a.**

*"The following act requires the consent of the District Council: (...)*

*4° the disposition of goods of a house which has been closed; (...)"*

#### **16.2.2 Departure of Brothers from establishments**

When the Brothers withdraw from an establishment that belongs to them, they have to decide first of all whether they give up, keep or sell the establishment. If it continues to function, the Brothers must examine how the patrimony of the said establishment will be handed over to a juridical person or to a lawfully established body, without loss for the District or for the Institute. An association or a foundation may also be a practical solution.

## **Chapter 17 – EMPLOYEES**

### **17.1 SOCIAL JUSTICE ACCORDING TO THE CODE OF CANON LAW**

#### **Can. 1286**

*"Administrators of temporal goods:*

*1° "in making contracts of employment, are accurately to observe also, according to the principles taught by the Church, the civil laws relating to labour and social life;*

*2° are to pay to those who work for them under contract a just and honest wage which will be sufficient to provide for their needs and those of their dependents,"*

Make sure that in countries in which the civil laws relating to justice are not well defined, the social rights of the employees are duly assured: insurance, social security and medical care.

### **17.2 SOCIAL JUSTICE ACCORDING TO CIVIL LAW**

#### **R. 60c.**

*"With regard to its employees and auxiliary personnel, the community observes both the obligations of social justice and the demands of Christian charity."*

It is the responsibility of the Visitor to make sure that all our establishments are models regarding the observance of social justice in our dealings with our lay collaborators, according to the civil laws of the country.

#### **R. 132 d.**

*"The Brother Visitor ensures that the requirements of canon law and civil law are complied with in what concerns the goods of the District and the patrimonial goods of the Brothers. The same applies to social justice as it affects the personnel employed by the communities. He authorizes building works and repairs and the expenditure within the limits approved by the Brother Superior General."*

## **Section Three – CENTRAL ADMINISTRATION OF THE INSTITUTE**

### **Chapter 18 – BROTHER SUPERIOR GENERAL**

#### **18.1 BROTHER SUPERIOR ACCORDING TO THE CODE OF CANON LAW**

##### **Can. 622**

*"The supreme Moderator has authority over all provinces, houses and members of the institute, to be exercised in accordance with the institute's own law. Other Superiors have authority within the limits of their office."*

#### **18.2 BROTHER SUPERIOR ACCORDING TO THE RULE**

##### **R. 115.**

*"Responsibility for the central government of the Institute is entrusted by the General Chapter to the Brother Superior General. He is assisted by a permanent Council known as the General Council."*

##### **R. 118a.**

*"It is within the authority of the Superior General: (...)*

*2° to appoint Brothers to office in accordance with canon law and the legislation of the Institute;*

*3° within the limits permitted by law, to delegate some of his powers to Brothers of his choice; (...)*

*5° on requests that truly merit consideration from those in charge at various levels, and with the advice of his Council, to permit on a temporary basis departures from the disciplinary legislation proper to the Institute."*

#### **18.3 CONSULTATION OF THE GENERAL COUNCIL**

##### **R. 122.**

*"In order to perform certain acts validly, the Brother Superior must obtain in advance either the advice or the consent of the General Council; he himself does not vote.*

*When the consent of the Council is required, at least an absolute majority of those voting is necessary. If such a vote is positive, the Brother Superior is not held to it. He cannot, however act contrary to a negative majority vote.*

*When it is the advice of the Council that is required, the Brother Superior is left free to make his own decision, whatever the result of the vote.*



*In all these cases, there must be a quorum of at least half of the total members of the General Council. If the matter is urgent and such a quorum cannot be met, it falls to the president of the meeting to complete the quorum by admitting to the discussions and the vote one or two heads of the General Services."*

#### **18.4 CONSENT OF THE GENERAL COUNCIL IN ECONOMIC MATTERS**

a) **R. 122a.**

*"Apart from the instances prescribed by law, both universal as well as particular, the consent of the General Council is required in the following cases: (...)*

*3° "All alienation of material goods when the sums involved exceed the limits fixed by the law, and also the alienation of any object considered valuable, because of its artistic or historic worth;*

*4° an act of lending or borrowing entered into with persons outside the Institute, when the amount or the conditions involved exceed the powers granted by the Brother Superior to the Brother Visitor and the District Council (...)."*

b) Brother Superior General gives permission to the Visitor for extraordinary expenses up to an amount indicated in the list of upper spending limits for extraordinary expenses (see chapter 24). Consult the appendix *"Upper spending limits for extraordinary expenses"*.

## **Chapter 19 – THE BURSAR GENERAL**

### **19.1 ACCORDING TO THE CODE OF CANON LAW**

#### **Can. 636, § 1**

*"In each institute, and in each province ruled by a major Superior, there is to be a financial administrator, distinct from the major Superior and constituted in accordance with the institute's own law. The financial administrator is to administer the goods under the direction of the respective Superior. Even in local communities a financial administrator, distinct from the local Superior, is in so far as possible to be constituted."*

#### **Can. 636, § 2**

*"At the time and in the manner determined in the institute's own law, the financial administrator and others with financial responsibilities are to render an account of their administration to the competent authority."*

### **19.2 ACCORDING TO THE RULE**

Although the function of the Bursar General is not well described in the Rule, there is mention of it in the description of the general services of the Institute. (cf. R. 123,123a and 140b)

### **19.3 APPOINTMENT OF THE BURSAR GENERAL**

In practice, the Brother Bursar General is responsible, under the direction of the Superior General, for the ordinary and of the extraordinary administration of the temporal goods of the central government of the Institute.

He is at the disposal of the Superior General, of his Council and of Districts.

The post of Bursar General includes the following responsibilities: management, verification, help and advice, training and information.

### **19.4 MANAGEMENT**

- a) He administers the goods of the central government.
- b) He plans and submits the annual budget of the central government to the Superior General and his Council for examination, discussion and approval.
- c) He administers the various funds of the Center of the Institute.
- d) He administers the investments of the central government.

- e) He organizes the accounting department of the Generalate and prepares the annual budget.
- f) He convenes and presides over the International Economic Council.
- g) He plans the special budgets for the purchase of important equipment and the renovation of the buildings of the Generalate.

### **19.5 VERIFICATION**

- a) He keeps a check on the budget of the current year with the assistance of the International Economic Council.
- b) He checks periodically the results obtained by the agents responsible for the management of our investments.
- c) He checks the audit reports sent each year by Districts.

### **19.6 ADVICE**

- a) He serves as the main adviser of the Superior General in economic and financial matters.
- b) Periodically he prepares for the Superior General and his Council propositions regarding on the following items:
  - the limits of the economic power of Visitors and their Councils;
  - the annual rate of contribution of Districts to the central government of the Institute.
- c) He studies requests, presented by the Districts, for expenditure on construction, the purchase of properties, the sale of land or buildings. He gives his opinion before the vote of the General Council.
- d) He may be delegated by the Superior General or his Council to undertake a special journey to advise or help Districts facing difficulties, or he may delegate, with the authorization of the Brother Superior, another Brother for the same purpose.
- e) He helps Districts in the management of their investments when called upon to do so.

### **19.7 TRAINING**

- a) He sees to the training of future District Bursars.
- b) He organizes sessions in accounting where necessary for the young Districts, and tries to establish standardized systems of bookkeeping.
- c) He organizes regional meetings for District Bursars, and possibly meetings for the District Bursars of the whole Institute.
- d) When he gives talks or writes, he tries to be an "educator in financial matters" for the Brothers. He encourages them to share their goods as brothers.

### **19.8 INFORMATION**

- a) He keeps the Superior General and his Council periodically informed about the financial situation of the central government.
- b) He prepares a financial report for the General Chapter, covering the period elapsed since the previous Chapter.

- c) Every year, he sends to Visitors and District Bursars information on the financial situation of the central government and the auditors' report.
- d) In order to understand local situations better, he visits different sectors according to their needs and circumstances.
- e) He files away carefully all the contracts, the notarized documents and other documents relating to the administration of the temporal goods of the Institute.

## **Chapter 20 – THE INTERNATIONAL ECONOMIC COUNCIL**

### **20.1 APPOINTMENT**

The members of the International Economic Council are appointed by the Brother Superior General who also determines the term of their mandate. The ordinary meetings of the Council take place twice a year.

### **20.2 FUNCTION OF THE INTERNATIONAL ECONOMIC COUNCIL**

The function of the International Economic Council is to help the Superior General, his Council and the Brother Bursar General.

According to the 40<sup>th</sup> General Chapter of 1976 (Circular 403, page 102), the function of this Council is as follows:

1. *To develop fiscal policy for the Central Government to be approved by the Brother Superior General and his Council;*
2. *to propose the annual budget for Central Government;*
3. *to monitor and report annually on the income, expenses and investments of Central Government;*
4. *to monitor and adjust according to developments an equitable schedule of District contributions for the support of Central Government;*
5. *to help Districts in their financial administration when such help is requested, and*
6. *to assist the Econome General in his implementation of policies".*

## **Section Four – THE ADMINISTRATION OF A DISTRICT**

### **Chapter 21 – BROTHER VISITOR**

#### **21.1 ROLE OF BROTHER VISITOR REGARDING THE ADMINISTRATION OF GOODS**

##### **21.1.1 In general**

###### **R. 132d.**

*"The Brother Visitor ensures that the requirements of canon law and civil law are complied with in what concerns the goods of the District and the patrimonial goods of the Brothers. The same applies to social justice as it affects the personnel employed by the communities. He authorizes building works and repairs and other expenditure approved by the Brother Superior General."*

Within the limits fixed in Chapter 24 and in the Appendix on the *"Limits for extraordinary expenditures"*.

##### **21.1.2 Appointment of the District Bursar**

It is the responsibility of the Visitor to appoint the District Bursar who, acting under his authority, will be in charge of the administration of the goods of the District. (cf. R. 140, 138b2).

##### **21.1.3 Regarding local administration**

It is the responsibility of Brother Visitor.

- a) to approve the budget of each of the communities and establishments of the District;
- b) to approve the balance sheet and revenues and expenses statement which each community and establishment depending directly on the District must hand in;
- c) to see that an appropriate salary is given to the Brothers working in academic establishments and others.
- d) to promote, as far as possible, the centralization of the bookkeeping of the communities and establishments for which the District is responsible.
- e) To ensure that communities and establishments keep separate accounts.

##### **21.1.4 Regarding contracts signed by the Brothers**

The Brothers are authorized neither to sign nor terminate contracts relating to their work or to services they render, without the permission of the Visitor. It is better if contracts are drawn up between the District and the body by which the Brothers are employed. By virtue of this contract, the salary, if possible,

should be sent directly to the community. If not, it should be given by the Brothers concerned without delay and in its entirety to the Community.

## **21.2 CONDITIONS UNDER WHICH THE POWERS OF THE VISITOR ARE EXERCISED**

### **R. 138. (1<sup>st</sup> and 2<sup>nd</sup> par.)**

*"In order to perform certain acts validly, the Brother Visitor must obtain, in advance, either the advice of his Council or its consent.*

*When it is the consent of the Council that is required, the Brother Visitor may not act contrary to a negative majority vote."*

#### **21.2.1 With the consent of the District Council**

##### **R. 138a.**

*"The following acts require the consent of the District Council: (...)*

*3° the transfer of goods from one house to another within the District;*

*4° the disposition of goods of a house which has been closed;*

*5° determining the powers given to Brother Directors and Bursars in economic matters;*

*6° any other extraordinary administrative measures which involve the District's finances."*

#### **21.2.2 With the advice of the District Council**

##### **R. 138. (3<sup>rd</sup> par.)**

*"When it is the advice of the Council that is required, the Brother visitor remains free to make his own decision, whatever the result of the vote."*

##### **R. 138b.**

*"1° The following acts require the advice of the District Council: (...)*

*2° The appointment of the Bursar or of others in charge of the general services of the District (...)."*

#### **21.2.3 With the ratification of Brother Superior**

##### **R. 138c.**

*"The following acts require the advice of the District Council prior to presentation to the Brother Superior General for ratification:*

*1° All plans for opening or closing a community, assuming responsibility for a pastoral work of education or the withdrawal from or closure of such a work already existing;*

*2° all alienation of goods when the limit imposed by the Holy See is exceeded;*

*3° all borrowing or lending outside the District when the amount or conditions imposed go beyond the limits fixed by the General Council;*

*4° every agreement or contract made with the authorities of the local church, or with other public or private bodies, which might involve the joint responsibility of the District and the Institute."*

In our Institute, the Brother Superior General with his Council determine the upper spending limits.

## **21.3 OTHER ASPECTS OF THE ROLE OF THE VISITOR IN TEMPORAL MATTERS**

### **21.3.1 The Economic Council**

According to R. 140, the Brother Visitor appoints the members of an Economic Council to assist the District Bursar in his work.

### **21.3.2 Permissions to be asked**

When a permission has to be asked of the Superior General, in accordance with the Code of Canon Law and the Rule, the Visitor must present the dossier in good time, explaining the object of the request, including all the documents and necessary information, and explaining his opinion and that of the District Council. (Consult chapter 24 of Guidelines)

### **21.3.3 Report to be sent**

Annually, the Brother Visitor must send a report to the Bursar General on the financial situation of the District, (cf. R. 140)

In this report, the following items must appear:

- a) the District patrimony statement;
- b) the year-end balance sheet with the statements of the ordinary revenues and expenses of the District;
- c) the current balance sheet with the statements of the extraordinary revenues and expenses of the District;
- d) the statement of the funds of the District;

It is advisable to send a summarized report on the state of the balance sheet, and on the income and expenditure of institutions depending directly on the District, such as bookshops, publishing houses, universities, etc.

### **21.3.4 Standard forms**

If a standard form is provided by the Bursar General, all these documents should be drawn up according to the standard form (see Appendix XI).

If necessary these documents will conform to national requirements regarding accountancy. It would be advisable to have these statements endorsed by auditors.

### **21.3.5 Other documents to be sent**

- a) Brief comments by the District Bursar regarding the most important areas in the administration of the District, and Communities.
- b) The Visitor will include an introductory letter with the documents he sends to the Bursar General.

## **Chapter 22 – THE DISTRICT BURSAR**

### **22.1 IN THE CODE OF CANON LAW**

#### **Can. 636, § 1**

*"In each institute, and in each province ruled by a major Superior, there is to be a financial administrator, distinct from the major Superior and constituted in accordance with the institute's own law. The financial administrator is to administer the goods under the direction of the respective Superior. (...)"*

#### **Can. 638, § 2**

*"Besides Superiors, other officials designated for this task in the institute's own law may, within the limits of their office, validly make payments and perform juridical acts of ordinary administration."*

### **22.2 IN THE RULE**

#### **R. 140.**

*"In each District, a Bursar, distinct from the Brother Visitor, but acting under his authority, is responsible for the administration of material goods. He has the assistance of an Economic Council."*

The appointment of the District Bursar is the responsibility of the Visitor and requires the advice of the District Council. (cf. R. 138b, 2°)

### **22.3 ROLE OF THE DISTRICT BURSAR**

The District Bursar, acting under the authority of the Visitor, has responsibility for the current and extraordinary administration of the temporal goods of the District in accordance with Church and State laws, and the objectives of the Institute and its Rules. He is at the disposal of the Visitor, of the District Council, of communities and of establishments. His post entails the following responsibilities: MANAGEMENT, VERIFICATION, ADVICE AND INFORMATION.

### **22.4 MANAGEMENT**

- a) He administers the patrimony of the District.
- b) He prepares, with the help of the Economic Council, the annual budget and submits it to the Visitor and his Council for study, discussion and approval.
- c) He manages the diverse funds of the District and its investments in stocks.
- d) He organizes and supervises the keeping of accounts in the District and prepares documents for the annual audit.



- e) He convenes the Economic Council of the District and normally presides over the meetings.
- f) He takes an active part in the meetings of the Boards of Directors of the establishments for which the District is legally responsible.
- g) Before taking legal proceedings, he will ask the permission of the Visitor and will consult a lawyer for legal advice. If the claim of the Institute is unequivocal, the lawsuit can be instituted.
- h) Every quarter at least, he will settle his accounts with the Bursar General, other Districts and the Region.

## **22.5 VERIFICATION**

- a) He keeps a check on the budget during the year with the aid of the Economic Council.
- b) He checks periodically the results of bank and stock investments.
- c) He checks the statements of accounts sent periodically by communities and the establishments under the administrative supervision of the Brothers.

## **22.6 ADVICE**

- a) He serves as the main advisor of the Visitor and of the District Council in taking important decisions relating to financial matters.
- b) He helps communities to organize their bookkeeping system and determines when accounts should be sent to the District Bursar.
- c) When he gives talks or writes, he tries to be an "educator in financial matters" for the Brothers, He encourages them to share their goods as brothers.

## **22.7 INFORMATION**

- a) The Bursar informs the Visitor regularly about the financial situation of the District and, at the end of the accounting period, he prepares the financial statements and the other documents that the Visitor must send to the Bursar General.
- b) He presents these statements to the members of the District Economic Council and to the District Council.
- c) He looks after the financial archives of the District and deposits documents in it: contracts, agreements, purchasing acts, sales transactions, surveys, construction plans and specifications, balance sheets, annual trading accounts, etc.
- d) He keeps the list of the District benefactors up-to-date.

## **Chapter 23 – THE ECONOMIC COUNCIL OF THE DISTRICT**

### **23.1 IN THE CODE OF CANON LAW**

For lack of standards in the matter proper to religious institutes, it is useful to refer to the directives of the Code regarding diocesan councils for financial matters contained in canons 492 to 494 and also in canon 1280 included in *Book V: "The Temporal Goods of the Church"*.

#### **Can. 1280**

*"Every juridical person is to have its own finance committee, or at least two counsellors, who are to assist in the performance of the administrator's duties, in accordance with the statutes."*

### **23.2 IN THE RULE**

#### **R. 140.**

*"In each District, a Bursar, distinct from the Brother Visitor, but acting under his authority, is responsible for the administration of material goods. He has the assistance of an Economic Council."*

### **23.3 ROLE OF THE ECONOMIC COUNCIL**

This Economic Council is:

- a) an advisory body whose primary role is to help the Bursar who, with its assistance, works closely with the Visitor and his Council;
- b) a body which makes preliminary studies of administrative and financial matters, and especially of those which have to be submitted to the Visitor and his Council.

### **23.4 MEMBERS OF THE ECONOMIC COUNCIL**

The members of the Economic Council are appointed by the Visitor. The District Bursar is always a member; usually he is the chairman. As a rule, the members of the Economic Council live in places that are close enough to enable them to meet frequently and to coordinate their work.

### **23.5 MANDATE OF THE ECONOMIC COUNCIL**

The Economic Council is consultative; it has to be consulted in the following circumstances:

- a) the preparation of the annual budget (cf. Rule, 140a);
- b) checking how the budget is being followed (cf. Rule, 140a);
- c) studying ways of solving difficulties that arise (cf. Rule, 140a);

- d) checking the budgets of communities and establishments depending on the District;
- e) borrowing, loans, investments, etc.;
- f) construction, permanent improvements, sales;
- g) all other projects submitted by the Brother Visitor;
- h) the preservation of the District patrimony.

### **23.6 THE COLLABORATORS OF THE ECONOMIC COUNCIL**

- a) For questions relating to communities or establishments, the Director may be asked to attend.
- b) Members of the Economic Council occasionally call in experts. These experts, laymen or religious, could be, according to circumstances, financial advisers, accountants, architects, engineers, consulting barristers, lawyers, etc.

### **23.7 MINUTES**

Minutes are kept of the meetings of the Economic Council. They are submitted to the Visitor and to District Council and then deposited in the District Bursar's archives.

## **Chapter 24 – UPPER SPENDING LIMITS FOR BROTHER VISITOR AND HIS COUNCIL**

### **24.1 BASIS FOR SPENDING LIMITS**

Spending limits are fixed in accordance with guidelines given in the Code of Canon Law and with criteria laid down in the Rules and Constitutions. The criteria to be followed by Directors and Bursars are fixed by the Superior General and his Council after consultation with the International Finance Committee. The criteria for Directors and District or community Bursars are fixed by Brother Visitor and his Council. The primary purpose of this chapter is to indicate spending limits for Districts.

#### **24.1.1 In the Code of Canon Law**

##### **Can. 638, § 3**

*"For the validity of alienation, and of any transaction by which the patrimonial condition of the juridical person could be adversely affected, there is required the written permission of the competent Superior, given with the consent of his or her council. Moreover, the permission of the Holy See is required if the transaction involves a sum exceeding that which the Holy See has determined for each region, or if it concerns things donated to the Church as a result of a vow, or objects which are precious by reason of their artistic or historical value".*

##### **Can. 639**

- "§ 1. Ha juridical person has contracted debts and obligations, even with the permission of the Superior, it is responsible for them.*
- § 2. If individual members have, with the permission of the Superior, entered into contracts concerning their own property, they are responsible. If, how-ever, they have conducted business for the institute on the mandate of a Superior, the institute is responsible.*
- § 3. If a religious has entered into a contract without any permission of Superiors, the religious is responsible, not the juridical person".*

#### **24.1.2 In the Rule**

##### **R. 139.**

*"The Institute, the Districts, and similar groupings legitimately constituted and the communities are non-profit making entities. They have the right to acquire, possess, administer and dispose of material goods in view of their specific mission. In such cases they act within the authorized limits and under their own responsibility, con-forming to canon law and the legislation of the Institute, and taking into account the requirements of civil law" (1<sup>st</sup> paragraph).*

##### **R. 122a.**

*"Apart from the instances prescribed by law, both universal as well as particular, the consent of the General Council is required in the following cases: (...)*

*3° All alienation of material goods when the sums involved exceed the limits fixed by law, and also the alienation of any object considered valuable, because of its artistic or historic worth.*

*4° Any act of lending or borrowing entered into with persons outside the institute, when the amount or the conditions involved exceed the powers granted by the Brother Superior to the Brother Visitor and the District Council".*

**R. 138a.**

*"The following acts require the consent of the District Council: (...)*

*5° determining the powers given to Brother Directors and Bursars in economic matters".*

## **24.2 THE GOODS OF THE INSTITUTE ARE GOODS OF THE CHURCH**

**Can. 1273**

*"The Roman Pontiff, by virtue of his primacy of governance, is the supreme administrator and steward of all ecclesiastical goods".*

**Can. 635**

*"§ 1. Since the temporal goods of religious institutes are ecclesiastical goods, they are governed by the provisions of Book V on **"The Temporal Goods of the Church"**, unless there is express provision to the contrary.*

*§ 2. Each institute, however, is to establish suitable norms for the use and administration of goods, so that the poverty proper to the institute may be fostered, defended and expressed".*

**Can. 718**

*"The administration of the goods of the institute must express and foster evangelical poverty. It is governed by the norms of Book V on **"The Temporal Goods of the Church"**, and by the institute's own law. This same law of the institute is also to define the obligations, especially the financial obligations, of the institute towards the members engaged in its work".*

## **24.3 WHY SPENDING LIMITS ARE ESTABLISHED**

### **24.3.1 Reasons of a religious or ecclesiastical nature:**

- By freely making the vow of poverty *"the Brothers forego the independent use and disposal of goods or objects having monetary value"* (R 33).
- The goods that are administered, whatever the position of responsibility involved, are not personal goods, but the goods of the Congregation and therefore *"goods of the Church"* (c. 635).
- If, in the final analysis, the Church is the proprietor of the temporal goods of religious institutes, it is logical to establish norms for their administration. Administrators are bound *"to fulfill their duties in the name of the Church"* (c. 1282).

### **24.3.2 Institute reasons:**

- Our Institute has adopted the principle of *subsidiarity* as a criterion for government. Among other things, subsidiarity requires decisions to be made at various levels, and that decisions lying outside the competence of a particular level be referred to a higher level. Districts and communities must

therefore collaborate with the Centre of the Institute by exercising their administrative functions, understood as delegated authority.

- The *shared mission* imposes the obligation to be aware of the powers proper to different posts of responsibility, including those of an administrative nature. These powers have to be indicated in contracts and agreements: in most cases, civil law requires this.
- Community, District and Institute goods belong to an institution or a society. All important transactions have to be authorized by the competent body: they cannot be the result of an individual decision.
- If goods are administered on the basis of delegated authority, it is logical that transactions involving certain predetermined sums should come to the attention of the Superior and should require his final decision. The Visitor depends on the Superior General and his Council, and the Director depends on the Visitor and his Council.

#### **24.3.3 Reasons of an administrative nature:**

- When a financial transaction has the agreement and authorization of a higher authority, it is supposed that less risk is involved and that there is a greater guarantee of success.
- All financial controls are established as a measure of prudence, and in order to maintain a high degree of openness in the administration of goods.
- It makes sense to prevent extravagant investments that exceed available resources.

#### **24.4 WHOSE RESPONSIBILITY IS IT TO SEEK AUTHORISATION?**

On an Institute level, requests should be submitted to the Superior General and his Council by Visitors responsible for Districts or Sub-Districts, and Presidents responsible for Delegations, in consultation with their respective Councils.

All financial transactions, exceeding fixed limits and involving a society or institution for which the Institute has responsibility, must be submitted for examination and authorization by the Superior General and his Council. There may be societies connected with the Institute, which have at the same time a legal status like, for example, publishing houses, universities, building societies, etc. In these cases, statutes should indicate procedures to be followed when financial transactions exceed authorized limits. The legal rights of each institution must be respected, and at the same time any subsidiary civil liability that can affect the Institute must be guaranteed also.

#### **24.5 HOW SHOULD REQUESTS BE SUBMITTED?**

The financial transactions involved are as follows: purchases, sales, construction, exceptional repairs, borrowing, loans, gifts, contracts with financial implications exceeding fixed limits, etc. For further information, *The Administrator's Directory* can be consulted, pages 26 to 29. When requests are submitted to Brother Superior and his Council, the following information should be provided:

- a) Name of District and of community.
- b) Purpose of request: motives and explanations for the request.
- c) Estimate or total cost of transaction.
- d) Method of funding, or purpose of sum obtained.

- e) Opinion of Economic Council and of District Council, including voting figures.
- f) Opinion of Brother Visitor.

#### **24.6 CRITERIA FOR ESTABLISHING UPPER SPENDING LIMITS**

**a) The annual upper spending limit of Brother Visitor**

The limit referred to here is the total amount the Visitor can spend during the year outside of the ordinary budget of the District approved by the District Council. The spending limits of Auxiliary Visitors or District Bursars are fixed by the Visitor and his Council.

**b) Authorised limit for Brother Visitor and his Council each time they approve an exceptional amount not included in the annual ordinary running costs budget. (See Appendix concerning the "*Limits for extraordinary expenditures*")**

**c) Authorised limit for the Brother Visitor and his Council (total annual amount) (See Appendix)**

## Chapter 25 – STABLE ENDOWMENT AND RESIDUAL SURPLUS

### 25.1 STABLE ENDOWMENT

The notion of "stable endowment" is referred to in the following canons:

**Can. 1285**

*"Solely within the limits of ordinary administration, administrators are allowed to make gifts for pious purposes or Christian charity out of the movable goods which do not form part of the stable endowment."*

**Can. 1291**

*"The permission of the authority competent by law is required for the valid alienation of goods which, by lawful assignment, constitute the stable endowment of a public juridical person, whenever their value exceeds the sum determined by law."*

**Definition:**

By "stable endowment" is meant the sum total of goods that has to be maintained on a permanent basis in order to ensure that financial obligations are covered and that the aims of the institution are fulfilled. These goods can be: claims, buildings, properties, bank deposits, shares and bonds, securities, in other words, any goods with a financial value that can be converted into ready money.

The idea of a stable endowment was introduced to comply with the needs of modern economy which does not rely primarily on real estate or property. It includes the property of the juridical person, which constitutes the permanent capital which ensures his financial security. It can be made up of either personal property or real estate. The adjudication of both is the responsibility of the juridical person.

It is therefore necessary that competent Superiors, in accordance with the norms of their Institute, establish clearly what constitutes at present the stable endowment, and make appropriate decisions.

### 25.2 RESIDUAL SURPLUS AND CAPITALIZATION

**Residual surplus** is the cash and resources remaining at the end of the fiscal year, and is equivalent to the increase of the clear and tax-free patrimony of the District; the increase is equal to the surplus of accounts, i.e. income less expenses.

**Capitalization** consists in accumulating currency values or stocks in order to make a profit by means of investments.

### 25.3 THE ENDOWMENT OF THE CENTRE OF THE INSTITUTE



The 42<sup>nd</sup> General Chapter has been very clear and has approved the following proposition

*"That a permanent endowment fund be created at the Centre of the Institute and that the fund be increased.*

*That no withdrawals be made from the funds placed in the endowment.*

*That the interest and dividends earned be reinvested in the endowment for three years.*

*That the Districts, Sub-Districts and Delegations which can contribute to the endowment fund do so according to their means"* (Circular 435, Proposition 45, p. 96).

This proposition can be implemented only with the collaboration of all Districts, Sub-Districts and Delegations.

The proposition appeals to the good will and generosity of Districts. The Chapter was very careful to avoid any compulsory imposition. The hope is that Districts will respond with great willingness and generosity.

#### **25.4 DISTRICTS AND THE MAINTENANCE OF THE PATRIMONY**

Administrators have the responsibility to maintain the patrimony, in keeping with the goals, spirit and the nature of the institution. Consequently, they should use the sums available after paying all expenses, by successfully investing them, according to the aims of the juridical person.

The District Bursar should suggest measures to be taken in order to meet the financial obligations of the District, that is to say, keeping funds for future construction, improvements, repairs, acquisitions, for a period that could extend over ten years, as well as endowments of specific funds established in the District.

#### **25.5 LEGITIMATE PROVISIONS**

- a) **Money available** but included in the budget approved by the competent Superior in view of, for instance, repairs, new buildings.
- b) **Provision** for lay collaborators working in our establishments, in view of the time when they retire from their jobs.
- c) Assets that have to be available to pay **fixed taxes**.
- d) Money that has been accepted with the approval of the competent Major Superior in view of specific purposes, as expressed by the **donors**, for the benefit of a community, an establishment or one of the funds of the District.
- e) **Funds** to cater for retirement needs of Brothers, their well-being and health care, the return of missionaries and their care.
- f) Each District may establish other funds, organise them and specify their objectives.

#### **25.6 SPECIAL FUNDS**

The Visitor must pay special attention to the state of District funds.

##### **25.6.1 Contingency funds**

Districts must organize insurance for the elderly and sick Brothers by means of a fund, by making arrangements with other Districts, by having recourse to public or private establishments, or by a combination of several of these ways.

### **25.6.2 Purpose of such funds**

- a) Assets belonging to these funds can be used to help elderly and sick Brothers.
- b) These funds can provide financial help to communities with elderly Brothers who have reached a predetermined age.
- c) The assets of the contingency fund cannot be lent.  
The reason for this is to preserve their real purpose.

### **25.6.3 Other aspects of contingency planning**

- a) It is advisable to establish a fund in the District (not necessarily as a stable and profitable endowment) along the lines of a mutual fund. Thus, each Community would contribute a predetermined monthly share. With this fund, help could be given for major expenses, for instance for surgery, for dentures, and for similar things. This approach could be of great help particularly to our small communities.
- b) When working Brothers are subject like laymen to fiscal laws and to social security, they must abide by such laws. It should be noted that the relationship of a Brother with the Institute is religious; there is no employer-employee relationship.

## **Chapter 26 – DISTINCTION BETWEEN A COMMUNITY AND AN ESTABLISHMENT**

### **26.1 DISTINCTION ACCORDING TO THE RULE**

When and where the civil law authorizes it, each Community will have a financial administration, a budget and accounts separate from those of the educational establishment or establishments of which it has charge. (cf. R. 60a)

### **26.2 DISTINCTION ACCORDING TO CIVIL LAW**

- a) When it is possible and not too difficult, it is recommended to separate communities and establishments, by establishing separate civil and moral entities.
- b) As far as possible, the authority given to the Director or to the administrator by the statutes and civil regulations of establishments, should be restricted to powers which these same persons have, according to the Code of Canon Law and to the norms of the Institute.

### **26.3 DISTINCTION IN BOOKKEEPING**

- a) The bookkeeping of establishments and communities should be kept separate.
- b) In establishments where Brothers do not receive personal salaries (State, School Boards), the Visitor will decide, with those in charge, the aggregate salary that the establishment has to pay to the Community. The aggregate salary must normally be an equitable remuneration for the activity performed or for the teaching done, and moreover should be based on the same salary scales as those of laymen.
- c) All the salaries of the Brothers that have been invested in the purchase of equipment, in the improvement of buildings, in the functioning of the teaching establishment or university must be included in the balance sheet.
- d) If the community occupies premises belonging to the establishment, it will pay a normal rent to it. With the permission of the Visitor, the community can also make donations or loans to the establishment in which it works.
- e) An accurate and up-to-date inventory should establish the distinction between the goods of the community and those of the establishment to avoid disputes in case the community is closed.

### **26.4 RIGHTS AND OBLIGATIONS OF THOSE HOLDING RESPONSIBILITY**

With respect to the distinction and the mutual relations between the Director of an organization and the Director of the community, the rights and the obligations of each must be clearly defined in the District where such situations exist.

## **26.5 WRITTEN AGREEMENT**

When, in a Community, one or more Brothers work for an establishment which is not specifically Lasallian but simply confided to our Institute, the relationship between that establishment and the Institute must be established by a written agreement between the Visitor in the name of the District and the legitimate authorities of the establishment. This written agreement will determine:

- a) the services to be rendered by the community or by one or more of the Brothers;
- b) the power that the Visitor has to appoint or to withdraw one or more Brothers;
- c) the salary of the Brothers in cash, in kind or in services.

## **Chapter 27 – INTERDEPENDENCE**

### **27.1 HELP WITH PERSONNEL**

When a District sends a Brother to work in another District or in a project common to many Districts, a contract should be drawn up specifying among other things:

- a) the length of the agreement;
- b) the Superior who is responsible for the project, and the nature of the responsibility;
- c) the person in charge of the social contribution and special expenses of the Brother sent: health insurance, social security in his native land, journeys, up-dating programs, etc.;
- d) instructions concerning the expenses to be paid, money and other benefits to be recouped;
- e) the names of the superiors and/or of the administrators to whom the management report is to be sent.

### **27.2 FINANCIAL HELP**

When a District gives annual help to another District, it is necessary to establish a contract specifying the following points:

- a) the length of the agreement;
- b) the percentage of the financial annual help or other criteria for fixing the annual aid;
- c) the way to inform and to justify the help received by the beneficiary District.

### **27.3 MUTUAL AID BETWEEN DISTRICT BURSARS**

It can be helpful for the District Bursars of the same country or of neighboring countries or of a Region of the Institute, to meet occasionally. Such meetings, when well planned, can provide a good opportunity:

- a) to discuss the practices and the experiences of the various areas of the administration;
- b) to standardize the bookkeeping system;
- c) to coordinate the long term objectives of the different Districts of a Region;
- d) to study common problems and find solutions;
- e) to promote mutual aid and reciprocal donations or loans between Districts.

### **27.4 MUTUAL AID BETWEEN DISTRICTS AND THE BURSAR GENERAL**

- a) Visitors and District Bursars can consult the Bursar General and the International Economic Council in order to study specific cases, to offer opinions, suggestions, recommendations, and answer questions.
- b) Sometimes, especially at the request of the Visitor, the Bursar General or a delegate of the International Economic Council can go to a District to help the Visitor and the District Bursar. For instance:
  - to study current economic problems in the District, in a Community or in an important establishment;
  - to train a newly appointed District Bursar;
  - to standardise working practices in the District in order to make administration more efficient.

## **Section Five – ADMINISTRATION OF A COMMUNITY**

### **Chapter 28 – THE DIRECTOR OF THE COMMUNITY**

#### **28.1 LIMITED POWERS OF BROTHER DIRECTOR**

The Brother Director must comply with the restrictions placed on his economic powers by the Visitor, regarding exceptional expenses: important repairs, acquisition of vehicles, expensive installations. As the Brother Director is not the owner of material goods, he must obtain the permission of the Visitor before alienating valuable or important goods.

#### **28.2 TASKS OF THE DIRECTOR**

- a) The Brother Director administers the resources belonging to the community, but bears in mind his dependence on the Visitor. (cf. R. 63d)
- b) When he has to make important decisions, the Director should not neglect to hear the views of the community, once he has informed its members about the financial situation of the community.
- c) If the permission of the Visitor or of the Superior General is required, the Director should consult the Community Council.
- d) The Director should not sign any important or long term contract without the advice of the Visitor. His powers regarding everyday administration remain intact.
- e) The Director administers temporal goods carefully and honestly without conceding privileges to anyone.
- f) He sees that money that comes into the house, for whatever reason, is handed over to the Bursar for the Community.
- g) Every year, at a suitable time and according to prescribed norms, the Director draws up with the Community a draft budget and a statement of accounts for the year, including income and expenditure. He subsequently submits it to the Visitor for his approval. (cf R. 60a - 60b)

## **Chapter 29 – THE COMMUNITY BURSAR**

### **29.1 IN THE CODE OF CANON LAW**

#### **Can. 636, § 1 (towards the end)**

*"... Even in local communities a financial administrator, distinct from the local Superior, is in so far as possible to be constituted."*

#### **Can. 636, § 2**

*"At the time and in the manner determined in the institute's own law, the financial administrator and others with financial responsibilities are to render an account of their administration to the competent authority."*

### **29.2 IN THE RULE**

#### **R. 63d.**

*"The Brother Director, with the assistance if possible of a community bursar, supervises the maintenance of the movable and immovable property, the administration of material goods and the proper functioning of the common services. He sees to the preservation and classification of the documents for the archives and sends at the proper time the information requested by the District Secretary and the Secretary General."*

### **29.3 DUTIES OF THE COMMUNITY BURSAR**

The Bursar of the Community, under the responsibility of the Director, administers the temporal goods of the Community.

#### **29.3.1 Bookkeeping**

He is responsible for the bookkeeping and prepares the documents in a form prescribed by the District that the Director has to send to the Visitor. Every month or quarter, according to what the District has decided, the Community Bursar and the administrator of an establishment have to prepare the documents the Director has to send to the Visitor:

- the balance sheet and the ordinary income and expenses report;
- the extraordinary expenses and income statement;
- if possible, a comparison with the budget and the annual results.

All these statements should be drawn up in the form required by the District accounting system. When the Community Bursar and the Administrator change employment, they leave a written statement for their successor regarding the financial situation of the community or establishment.

### **29.3.2 Other responsibilities**

**Maintenance:** The Brother Bursar will see to the repair of buildings, the replacement of furniture and the upkeep of the equipment. He will make sure that the house is kept clean and orderly.

**Employees:** He will make sure that their salary and their working conditions conform with the norms of social justice.

**Guests:** He will see that our guests are welcomed suitably and with charity.

**Financial archives:** He will keep the financial archives in a safe place which is easily accessible for consultation.

**Insurance:** He will follow the instructions of the District Bursar in matters relating to the insurance of the community house.

## **Chapter 30 – SPECIAL ADMINISTRATION**

### **30.1 NORMATIVE GUIDELINES**

- a) We mean here the administration of establishments that do not belong to the District and which the Brothers have the responsibility of running and/or administering, for example: universities, colleges, schools, foundations, civil associations, etc.
- b) Brothers who run and manage such establishments must abide, at the same time, by the statutes of these establishments and civil laws: prescriptions of civil rights, of labor rights, of the fiscal rights of their country, even if the rights they enjoy according to the civil law are wider than those granted by the Church and by the Institute. For example, contracting a debt, giving a guarantee, alienating goods, performing extraordinary acts of administration.
- c) All Brothers responsible for these particular types of administration must render an account of their administration to the hierarchic Superior of the establishment and to the boards of directors at times decided by them.
- d) It could sometimes be advisable to have the accounts verified by outside experts.
- e) Also, Brothers who are responsible for a special type of administration will periodically keep the District Bursar informed. In this way, the Bursar and the Visitor will be able to judge not only the economic and financial state of the establishment, but also the manner in which the Brothers have acted in conformity with the terms of the agreement between the District and the establishment concerned.

# APPENDICES

## INTRODUCTION

On the suggestion of some Visitors and District Bursars, we have added a number of APPENDICES to these Guidelines. These consist of documents used in certain Districts to implement the norms or instructions set out in the Guidelines. The suggestions and models contained in these appendices are there to help you, and will obviously have to be adapted to local circumstances and the laws of your country.

These documents are the fruit of the practical experience of a number of sectors or Regions of the Institute. It is hardly surprising, therefore, that they reflect specific cultures with their own practical requirements, and that they have been drawn up to fit in with whatever legislation is locally in force. Culture, individual needs, Chapter decisions, civil legislation, etc., are factors which will determine how these documents are adapted to the specific circumstances of Districts and countries.

For example, the suggested models for drawing up a budget are of a general nature. To use them in a specific case, the characteristics of the District concerned, of the community or of the group of persons responsible for implementing them, must be taken into account. The suggestions given for setting out accounts tend to reflect the requirements of local legislation or norms. The same thing applies to suggested ways of drawing up wills, contracts, statutes, etc.

If we compare the Guidelines in its three official language versions, we will see that,

- a) the text of the 30 chapters of the Guidelines is set out in an identical form in French, English and Spanish. The contents of each paragraph and each article are identical in all three languages;
- b) this is not the case where the appendices are concerned: the three versions do not coincide exactly. These appendices are based on present-day circumstances in specific countries, each with its own specific language. Some of the appendices, therefore, have not been translated literally.

These appendices should be considered as a source of additional information which can help you to see how, in practice, you can implement certain chapters of the Guidelines. You are free to make use of this information or not. What this information shows is how some Districts or Regions of the Institute apply to their own particular circumstances, certain prescriptions of Canon Law, articles of the Rule, Institute directives, District norms, etc.



Clearly, many more appendices could have been included. There are many other documents in existence which could make the complex and multifarious tasks of District government and administration somewhat easier. The Centre of the Institute is always willing to accept suggestions, and will be happy to distribute texts or documents which Districts or Regions believe might be helpful to the Institute as a whole or only to certain specific sectors.

## **Appendix I – BALANCE SHEET AND STATEMENT OF ACCOUNTS (*model*)**

### **BALANCE SHEET**

#### **ASSETS**

##### **Intangible property**

- Foundation expenses
- Research & development expenses
- Management applications
- Others

##### **Tangible property**

- Land
- Buildings
- Plant
- Vehicles
- Furniture & computer equipment
- Other fixed assets

##### **Stock & inventories**

- Stocks

##### **Other non-current assets**

- Shares
- Bank deposits & securities
- Other non current debts

##### **Current & liquid assets**

- Clients
- Various debtors
- Payments in advance
- Receivable income
- Loans
- Medium & short-term investments

#### **LIABILITIES**

##### **Shareholders' funds and reserves**

- Endowment funds
- Income from investment
- Legal reserves
- Capital gain
- Other reserves

##### **Depreciation & reserves**

- Depreciation of property
- Restricted funds
- Retirement funds
- Allocated to cover losses
- Allocated for irrecoverable
- Allocated for taxes
- Allocated for special purposes
- Settlement provisions

##### **Long term loans**

- Borrowed capital
- Other long-term loans & debts

##### **Short term debts**

- Third party deposits
- Creditors
- Suppliers
- Advance payment received
- Postponed payments
- Other debts

Current accounts  
Cash in hand

**Results**

Losses of financial year

**TOTAL ASSETS**

**Financial accounts**

Internal transfers

**Results**

Profit of financial year

**TOTAL LIABILITIES**

*(Suppress non-applicable headings or add new accounts)*

**STATEMENT OF ACCOUNTS** *(model for a District budget)*

**EXPENDITURE**

**Maintenance allowances**

Retirement homes  
Retired Brothers in the District  
Formation groups  
District administration personnel  
Promotion of vocations

**Community expenses**

Food and lodging  
Personal allowances  
Chapel expenses, retreats  
Courses, library  
Leisure, holidays  
Medical expenses

**Staff expenses**

Salaries  
Indemnities  
Social insurance contributions  
Other staff expenses

**Taxes & contributions**

Local taxes  
Normal taxes  
Special taxes  
Pension plans, health insurance  
Various contributions

**External services**

Rents or rental expenses

Post, telephone, fax  
Councils & meetings  
Various grants  
Other costs

**Financial costs**

Interests on loans  
Bank charges  
Other financial costs

**Provisions**

Equipment & fittings  
Furniture & materials  
Transport material  
Other provisions

**Depreciation**

**TOTAL EXPENDITURE**

**INCOME**

**Principal sources of income**

Community contributions  
Retirement pensions  
Salaries  
Various benefits  
Insurance payments  
Study scholarships  
Old age pensions

Maintenance of buildings  
Maintenance of offices & furniture  
Water, gas, electricity  
Honoraria, settlements of claims  
Insurance

**Transport and travel**

Travel and journeys  
Fuel for cars  
Vehicle repairs & insurance

**Administrative costs**

Administrative & office costs  
Subscriptions & membership fees

**Other sources of income**

Gifts and alms  
Remuneration for services  
Provision of services

**Financial sources of income**

Cash vouchers  
Interest from banks  
Interest from loans

**TOTAL INCOME**

**PROFIT OR LOSS**

*(Suppress non-applicable headings or add new accounts)*

**Appendix II – COMMUNITY BUDGET (model)**

**EXPENDITURE AND INCOME BUDGET**

**EXPENDITURE**

**Food**

Bread, cakes, etc.  
Meat, eggs, fish,...  
Vegetables, soups, dessert, milk, cheese, butter...  
Groceries: salt, sugar, oil, sauces...  
Cleaning material and toiletries  
Other comestibles

**Office supplies**

Pens, exercise books, letter paper,...

**Non-stocked materials**

Fuel: oil, coal, gas...  
Water  
Electricity  
Transport fuel: petrol, diesel,...  
Other non-stocked materials

**Maintenance and repairs**

Maintenance of building (minor repairs)  
Maintenance of furniture  
Maintenance of audiovisual equipment  
Insurance  
Vehicle maintenance and repairs

**Cultural activities**

Newspapers, magazines, subscriptions

Library, books  
Courses  
Annual retreat, days of recollection

**Travel**

Journeys, taxis  
Community outings  
Sessions: pension, board and lodging, hiring of halls

**Communications**

Post, correspondence, stamps  
Telephone and fax

**Taxes and rates**

Land tax, house tax  
Licences: TV, road tax, vehicle check-ups  
Various taxes

**Staff salaries**

Salaries  
Social service payments  
Other staff costs

**Financial costs**

Interest payments  
Other bank charges

**Other expenses**

Masses, funeral costs  
Gifts, alms  
Clothing, laundry, soap  
Medical costs, health insurance  
Personal allowances, pocket money  
District tax  
Other

**RECEIPTS**

**Ordinary receipts**

Brothers' salaries  
Retirement pensions  
Board & lodgind paid by visitors  
Sales  
Hirings  
Food from community garden, chicken yard, eaten by the community  
Financial income: interest from funds

**Other receipts**

Gifts received Services rendered  
Other funds received

*(Suppress non-applicable headings or add new accounts)*

## Appendix III – BOOKKEEPING

With the coding structure as the basis, the bursar develops a complete listing of accounts containing specific account titles and code numbers to be used by the various locations and entities.

### 1. ILLUSTRATIVE CHART OF ACCOUNTS

#### 1.1 ASSETS

<b>Cash:</b>	checking, savings, local residences, clearing, petty
<b>Investments:</b>	securities, investment pool
<b>Receivables:</b>	accounts, notes, loans, assessments, allowances
<b>Inventories:</b>	buildings, supplies, food, other supplies
<b>Other assets:</b>	prepaid expenses, deposits, etc.
<b>Plant:</b>	land, buildings, equipment, improvements, etc.
<b>Allowances for depreciation:</b>	if depreciation is recorded
<b>Due to/from other funds:</b>	to/from current, plant, custodian

#### 1.2 LIABILITIES

<b>Payables:</b>	accounts, assessments, notes, loans
<b>Employee withholdings:</b>	income taxes, others
<b>Other liabilities:</b>	custodian accounts
<b>Notes and loans payable:</b>	
<b>Deferred revenues:</b>	
<b>Restricted contributions:</b>	
<b>Deferred gifts:</b>	
<b>Mortgages payable:</b>	various long term debts

#### 1.3 FUND BALANCES

**Fund balances:** use of these accounts (and Fund Transfers) will depend upon whether the religious institute uses fund or aggregate accounting)

#### 1.4 FUND TRANSFERS

**Transfers:** to/from other funds, e.g. current, plant, custodian funds

#### 1.5 REVENUE

**Member compensation:** salaries, stipends, fees, assessments

**Institutional services:** retreat centers, visitor's room/board

**Gifts, bequest, grants:** to members, institute, restricted sources

**Investments:** interests, dividends, gains/losses on investments

**Retirement benefits:** social security benefits, pension plans

**Fund raising:** fund development activities, events

**Auxiliary activities:** gifts shops, bookstores, building/loan rental Other...

#### 1.6 EXPENSES

**Administration:** generalate/provincialate, communications

**Active member support:** personal maintenance, housing, medical

**Retired member support:** Infirm/disabled member support

**Initial and ongoing formation:** novitiate, degree work, in-service

**Ministry subsidies:** missions, member support, etc.

**Institutional services:**

**Plant operation:** powerhouse, maintenance departments, grounds

**Auxiliary activities:**

**Future retirement provisions:** taxes, annuity payments

**Fund raising:**

**Other:**

## 2. REVENUE ACCOUNT DESCRIPTIONS

The following break-down of the accounts in each of the broad revenue and expense categories is illustrative only. Each community must determine what account titles best express the nature of its financial transactions, and the degree of detail it wishes in the various sub-accounts.

**Compensation:** Members' compensation, education

**Donation:** Members' donations, funds given to the Institute

**Service fees:** For tutoring, music and art lessons, other instruction

**Fees:** Royalties, lecturing and consultation fees

**Miscellaneous income:** All income not classified elsewhere

**Retreat center:**

<b>Daycare center:</b>	
<b>Gifts, bequests, grants:</b>	
<b>Dividend income:</b>	
<b>Gains/Losses:</b>	On investment sales
<b>Social security benefits:</b>	
<b>Insurance &amp; Annuity:</b>	Teachers Insurance & Annuity Association, College retirements equities fund.
<b>Other pension programs:</b>	
<b>Diocesan contributions:</b>	
<b>Fund raising:</b>	Income provided from various fundraising activities. Several accounts may be needed to reflect activities and programs.
<b>Gift shop:</b>	
<b>Printing and publications shop:</b>	
<b>Rental of building and land:</b>	

### 3. DESCRIPTION OF EXPENDITURE

<b>Lay Salaries and Wages:</b>	Gross amounts paid to persons who are employed in position of a permanent nature.
<b>Religious Compensation:</b>	Compensation for institute's members staffing various positions.
<b>Salaries:</b>	Represents the employer's share of the insurance benefits and other contributions like unemployment insurance, social security, etc.
<b>Books, Records and Tapes:</b>	Costs for books, records, periodicals, sheet music, etc.,
<b>Car Leases and Rentals:</b>	Expenses of leasing or renting automobiles in the normal operations of the Institute.
<b>Car Repairs and Service:</b>	The cost of routine automobile upkeep, including gas, oil, periodic servicing and necessary repairs.
<b>Chapel:</b>	Expenses related to maintenance of chapels, e.g., Masses, flowers, candles.
<b>Cleaning and Laundry:</b>	Cost of cleaning and laundry services both for personal clothing and community property such as rugs, furnishings, etc.
<b>Contract Services:</b>	Cost of external services provided for a periodic contractual fee, e.g., routine maintenance and repairs, grounds, upkeep, trash removal.
<b>Education Expenses:</b>	Tuition, fees and other expenses related to the continuing education of members and their professional development.
<b>Equipment Expenses:</b>	Cost of equipment items having a limited life or insufficient value, consequently not capitalized.
<b>Exclaustation, Dispensation</b>	

<b>and Secularization:</b>	Costs to the institute to complete the process of exclaustation and secularization including one time or periodic payments to exclaustrated members according to institute policy.
<b>Food:</b>	Cost of all food purchased for consumption.
<b>Funerals:</b>	Burial costs for deceased members.
<b>Gifts:</b>	Amounts provided to individuals and organizations without any intent to receive payments, goods or services.
<b>Household Supplies:</b>	Normal household supply items, other than food, such as cleaning materials, light bulbs, etc.
<b>Insurance:</b>	Premium expense for property, liability and automobile insurance as well as the cost of judgments and fidelity bonds.
<b>Interest:</b>	All payments of interest or finance charges regardless of the fund in which the related borrowing is located.
<b>Medical Care:</b>	Amounts reimbursed to individual members for medical and dental payments or sums paid in their behalf. Such payments are normally made in the absence of or in addition to insured plans.
<b>Medical Insurance Premiums:</b>	Cost to the institute for providing medical insurance coverage for members.
<b>Meetings, Conventions and Seminars:</b>	Charges for attending or conducting various gatherings related to the educational, spiritual, business or administrative interests or activities of the institute.
<b>Membership Dues:</b>	Dues and fees related to membership in various religious, educational and social organizations.
<b>Office Supplies:</b>	Expense for all types of supplies and materials necessary to effectively carry out the activities of the institute.
<b>Personal Needs:</b>	Sums provided to members on a routine basis for clothing, personal articles and miscellaneous expenses.
<b>Postage and Shipping:</b>	Amounts paid for mailing (including postage meter rental), parcel post, trucking and other delivery costs.
<b>Printing and Duplicating Expense:</b>	Costs related to printing materials and duplicating expenses for new letters and other similar items.
<b>Professional Services:</b>	Amounts paid for services such as provided by architects, certified public accountants, lawyers, financial advisors and consultants.
<b>Provision for Doubtful Accounts:</b>	Routine allowance for amounts owed and due but not likely to be collected.
<b>Rent:</b>	Expenses of renting local community residences, equipment and furnishings, etc.
<b>Repairs and Maintenance:</b>	Routine expenditures for periodic repairs and daily maintenance, not covered by service contracts.
<b>Retired Support:</b>	Payments made by the institute for the direct support of retired members living in local residences.



<b>Retreats and renewal:</b>	Expenses related to retreats and renewal activities for the spiritual well being of the members.
<b>Room and Board:</b>	Charges paid for members residing temporarily with other institutes would be included here.
<b>Subscriptions and Publications:</b>	Dues and expenses related to routine association memberships and various subscriptions.
<b>Telephone and Telegraph:</b>	Expenditures for all types of telephone fax and telegraph services including installation.
<b>Travel and Transportation:</b>	Expenses for transportation, meals, hotel, and other similar costs associated with traveling.
<b>Utilities:</b>	Expenditures for services usually provided by public utilities such as water, sewerage, electricity and gas. Also included are costs such as gas and oil purchased privately for similar purposes.
<b>Vacations:</b>	Expenses related to periodic vacations and physical renewal.
<b>Miscellaneous:</b>	Other expenses incurred but not categorized elsewhere.

## Appendix IV – LIMITS FOR EXTRAORDINARY EXPENDITURES

(Valid from July 1995 – Value in US \$)

		Visitor alone Annual total	Visitor * Council Each time	Visitor * Council Annual total
Cat. 5	AUSTRALIA (New Guinea)	15.000	250.000	750.000
	BALTIMORE	15.000	250.000	750.000
	BELGIE-NOORD	15.000	250.000	750.000
	BELGIQUE-SUD	15.000	250.000	750.000
	CANADA Francophone	15.000	250.000	750.000
	CATALUNYA	15.000	250.000	750.000
	FRANCE	FF 250.000	FF 1.680.000	FF 15.000.000
	France (Visiteur Auxiliaire)	FF 110.000	...	...
	GREAT BRITAIN	15.000	250.000	750.000
	HOLLANDE	15.000	250.000	750.000
	IRELAND	15.000	250.000	750.000
	JAPON (Del.)	15.000	250.000	750.000
	LINE	15.000	250.000	750.000
	MADRID	15.000	250.000	750.000
	MIDWEST	15.000	250.000	750.000
	NEW ORLEANS - S.F.	15.000	250.000	750.000
	NEW YORK	15.000	250.000	750.000
	ROMA	15.000	250.000	750.000
	SAN FRANCISCO	15.000	250.000	750.000
	TORINO	15.000	250.000	750.000
	TORONTO	15.000	250.000	750.000
	VALLADOLID	15.000	250.000	750.000
Cat. 4	ANDALUCIA	15.000	200.000	600.000
	BILBAO	15.000	200.000	600.000
	CARACAS	15.000	200.000	600.000
	MEDELLIN	15.000	200.000	600.000
	PERU	15.000	200.000	600.000
	PORTO ALEGRE	15.000	200.000	600.000
	VALENCIA	15.000	200.000	600.000
Cat. 3	ARGENTINA	15.000	150.000	450.000
	BOGOTA	15.000	150.000	450.000
	BOLIVIA	15.000	150.000	450.000
	CENTRAL de ESPAÑA	15.000	150.000	450.000
	CENTROAMERICA	15.000	150.000	450.000
	CHILE	15.000	150.000	450.000

	ECUADOR	15.000	150.000	450.000
	EUROPE CENTRALE	15.000	150.000	450.000
	MALTA (SD)	8.000	150.000	200.000
	MEXICO NORTE	15.000	150.000	450.000
	MEXICO SUR	15.000	150.000	450.000
	PANAMA (SD)	15.000	150.000	450.000
	PHILIPPINES	15.000	150.000	450.000
	PROCHE ORIENT	15.000	150.000	450.000
	SÃO PAULO	15.000	150.000	450.000
	THAILAND (Dél.)	8.000	50.000	150.000
Cat. 2	ANTILLAS	15.000	100.000	300.000
	DOUALA	15.000	100.000	300.000
	HONG-KONG (SD)	8.000	100.000	300.000
	PARAGUAY (SD)	8.000	...	...
	PENANG-Singapore (SD)	15.000	100.000	300.000
Cat. 1	AFRIQUE DE L'OUEST	8.000	50.000	150.000
	ANTANANARIVO	8.000	50.000	150.000
	CONGO - KINSHASA	8.000	50.000	150.000
	GOLFE du BENIN	8.000	50.000	150.000
	LWANGA	8.000	50.000	150.000
	POLOGNE	8.000	50.000	150.000
Cat. 0	BIRMANIE (Myanmar) (Dél.)	8.000	...	...
	COLOMBO	8.000	50.000	...
	INDIA (Dél)	8.000	50.000	...
	PAKISTAN (SD)	8.000	...	...
	RWANDA (Dél.)	8.000	...	...
	VIETNAM	8.000	50.000	...

## Appendix V – TESTAMENT (*Model*)

**LAST WILL AND TESTAMENT OF BROTHER:** \_\_\_\_\_

I, \_\_\_\_\_, being of sound and disposing mind and memory, and considering the uncertainty of this frail and transitory life, do make, publish and declare this to be **MY LAST WILL AND TESTAMENT**, and I do hereby revoke any and all wills and testamentary disposition of my property by me heretofore made.

### FIRST

All of my estate, real, personal and mixed, of every kind and nature and wheresoever situated, which is in my possession at the time of my death or to which I may be entitled at the time of my death, I give, devise and bequeath to \_\_\_\_\_

### SECOND

I hereby nominate and appoint \_\_\_\_\_,

Executor of the, **MY LAST WILL AND TESTAMENT**. In the event of the inability or disability or refusal of said Executor to so act, then I nominate and appoint \_\_\_\_\_, Successor Executor of this, **MY LAST WILL AND TESTAMENT**. I direct that the Probate Court, having jurisdiction of my estate, shall not require any surety upon and bond that may be required to be furnished by either the Executor or Successor Executor hereof.

### THIRD

I give my Executor, as well as Successor Executor, full power and authority to sell at such time or times as shall be considered best for the purpose of paying taxes or carrying out any other provision of my Will and without any order of Court, any property, real or personal, belonging to my estate. I also give my Executor, as well as Successor Executor, full power and authority to settle and compound any claims either in favor of or against necessary conveyances, and to give full receipts and discharges.

**IN WITNESS WHEREOF**, I have hereunto set my hand and seal to this, **MY LAST WILL AND TESTAMENT**, consisting of two (2) typewritten pages, this and the preceding page included, and on the margin of each page thereof, I have attached my signature for greater security and better identification.

This \_\_\_\_\_ day of \_\_\_\_\_, of 19\_\_\_\_\_.

\_\_\_\_\_

Testator

We, and each of us, do hereby certify that the foregoing instrument was on the above date signed, sealed, published and declared by the said Testator, to be his **LAST WILL AND TESTAMENT**, in our presence, and in his presence, and at his request, and in the presence of each other, we have subscribed our names as witnesses of the execution hereof, and we, and each of us, do further certify that at the time of his executing, declaring and publishing of said instrument and at the time of subscribing our names as witnesses, the said Testator was, in our opinion, of sound and disposing mind and memory.

Witness \_\_\_\_\_

Address \_\_\_\_\_

Witness \_\_\_\_\_

Address \_\_\_\_\_

## **Appendix VI – GUIDELINES FOR GOVERNING BODIES (*Model*)**

1. The Governing Body is the ultimate authority for the schools for which it accepts responsibility.
2. Membership and Powers (cf. the Statutes)

The following is recommended:

- The Administrative Council incorporates members of the General Assembly and accepts their resignation.
  - The General Assembly appoints the members of the Administrative Council.
  - The General Assembly delegates day-to-day administration to the Administrative Council.
  - By Law, the following functions are the responsibility of the General Assembly:
    - appointment of members of the Administrative Council
    - approval of the accounts
    - approval of the budget
    - modification of the Statutes
    - the endorsement of the administration
3. The members of the Administrative Council appoint one of their number to be president. This person presides both the Administrative Council and the General Assembly.
  4. Administrative Council members subscribe to a code of honour.
  5. The head of an establishment, teachers and other members of staff of the establishment, their husbands or wives and their relatives to the third degree cannot be members of the Governing Body. The Coordinating Council rules on any exceptions to this rule. It is recommended, however, that the head of the establishment act as secretary for the Governing Body and be invited to attend its ordinary meetings.

6. The Administrative Council delegates the day-to-day administration to the head of the establishment as regards:
- financial operations (use of grants covering running costs);
  - appointment of teachers, administrative and technical staff, child care staff, maintenance staff ...;
  - practical details of school organisation: teaching approach, administration ...;
  - curriculum, methods, timetables;
  - staff and student regulations;

All this should be in line with the "Guide for Heads of Catholic Educational Establishments" and the Lasallian Mission Statement.

7. If it is the intention of the Governing Body to administer a Lasallian school, it should bear the following points in mind:
- those responsible for advising and inspecting the school should be allowed to make real changes in how the school works;
  - the specific Mission Statement of the school provides the model which must be implemented in concrete terms by the school;
  - the moral authority of the Coordinating Council must be respected in areas where the Law leaves us the freedom;
  - special concern must always be shown for the poor, in all the meanings of the term (underprivileged, financially poor, not intellectually gifted, emotionally starved...), and all practical means used to help them (help with studies, financial help);
  - all forms of discrimination based on race, language or nationality should be banned;
  - non-Catholic or non-Christian pupils should be allowed to join the school.

The school should take means to safeguard its Christian identity, however.

8. The Governing Body consults the Brother Provincial of the District before making decisions regarding:
- the appointment of the president of the Governing Body;
  - the appointment of a member of the Administrative Council;
  - a request for a loan (from a finance organization, a private citizen, deposit funds...);
  - using property or allowing property to be used for purposes other than Christian instruction or education;
  - the appointment (permanent or temporary) of the head of a school;
  - the merger of the Governing Body or of a school with another Governing Body or school.
9. When a Governing Body belongs in some way to a network of schools (a Governing Body responsible for several schools, a Catholic educational centre...), it strives openly to maintain the Lasallian character of the school for which it is responsible.
10. Schools should show willingness to practice mutual solidarity. For example, they could put surplus funds, once running costs have been covered, into a District sharing fund, so that this fund can help other schools experiencing temporary financial difficulties.

11. In the face of the ever increasing complexity of problems it has to deal with, the General Assembly takes the necessary steps to enable the Administrative Council to show professional competence by having the following characteristics:

- it has an expert in legal matters (or an outside consultant);
- the percentage of men and women on the Council reflects the percentage in the school (teachers and pupils);
- there are educational experts on the staff depending on the degree of specialization in the establishment, avoiding appointment of persons on the basis of purely political considerations or social rank.

The whole staff will always bear in mind the Christian character of the school and of its education, and work hand-in-hand with those responsible for pastoral care in the school.

12. In its relations (contractual or otherwise) with the owners of the school buildings and/or of the land, the Governing Body respects fully the property rights concerning the use of the property and other agreed conditions, as well as the paying off of any outstanding debts with which the property is burdened, etc.

13. The members of the Governing Body (and especially those of the Administrative Council) will do everything they can to become personally acquainted with the staff members of the school. In order to do this, they will take advantage of school events and all kinds of after-school and extra-curricular activities, open days, etc., and will agree to speak to staff personally whenever this is requested.

14. Relations between the Governing Body and the head of an establishment must be based on mutual trust and encouragement. This is demonstrated in particular as follows:

- the head of the establishment recognizes the moral and formal authority of the Governing Body. He accepts that this body has entrusted him with a mission;
- in his relations with the Governing Body, he acts as the spokesman of the local educational community as a whole, and expresses the justified expectations of the staff, pupils and parents;
- generally speaking, the Governing Body communicates with staff members, pupils and parents through the head of the establishment.

## Appendix VIII – PLANNING FOR INVESTMENTS

Planning	Explanation	Range	Types of investments with these characteristics
RISK TOLERANCE	How much of a loss can you stomach over a one year period without abandoning your investment?	<p>LOW 0% - 5% loss</p> <p>MODERATE 6% -15% loss</p> <p>HIGH 16% -25%</p>	<p>Money market Accounts, Checking Accounts CDs. Intermediate and long term bonds, conservative, high dividend paying stocks. Growth Stocks</p>
RETURN NEEDS	What form of portfolio return do you need to emphasize: income, growth or both ?	<p>INCOME Steady source of annual income</p> <p>GROWTH Growth to assure real (after inflation) increase in portfolio</p> <p>GROWTHS INCOME Some steady annual income, but some growth is also needed</p>	<p>Bonds &amp; other fixed Instruments</p> <p>Growth Stocks</p> <p>Dividend paying Stocks</p>

<p style="text-align: center;">TIME HORIZON</p>	<p style="text-align: center;">How soon do you need to take the money out of your investment portfolio?</p>	<p style="text-align: center;">SHORT 1 to 5 years</p> <p style="text-align: center;">LONG Over 5 years</p>	<p style="text-align: center;">Money Market Funds, CDs, Short Term Bonds., Intermediate-term Bonds (less than 5 years) Growth Stocks, Aggressive Growth Stocks</p>
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## **Appendix VIII – AGREEMENT BETWEEN TWO DISTRICTS (I)**

*(Form used for agreement between the French-speaking District of Canada and Holland)*

This document is an agreement in principle regarding the commitment of Dutch Brothers to work in Haiti for a specific period (specify the period) between the Districts of French-speaking Canada and Holland.

1. The responsibility for deciding regarding the type of work and its location in Haiti lies with the District of French-speaking Canada (through the intermediary of the Brother Auxiliary Visitor responsible for Haiti) after consultation with the Brother concerned.
2. During the above mentioned period of two years, the District of Holland will meet the following expenses:
  - 2.1. the initial travel costs to reach Haiti;
  - 2.2. pension and health contributions in Holland;
  - 2.3. insurance, health and hospitalization insurance during any return visit to Holland;
  - 2.4. subscriptions to publications the Brother wishes to receive from Holland.
3. If, during the above mentioned period of two years, the Dutch Brother needed to return to Holland temporarily because of unforeseen circumstances which required his presence there, the District of Holland would be responsible for his travel costs.  
The decision to make this journey would be taken in consultation with the Brother concerned, the Brother Auxiliary Visitor responsible for the Brothers in Haiti, and the District of Holland.



4. During the above mentioned period of two years, the District of French-speaking Canada undertakes to meet the following expenses:
  - 4.1. all expenses connected with the Brother's stay and work in Haiti;
  - 4.2. travel costs to Holland or elsewhere for health reasons or for holidays (including pocket money for the holiday period);
  - 4.3. travel costs to Holland at the end of the period;
  - 4.4. cost of interment in Haiti in case of death.
5. In case of death, interment will take place in Haiti.
6. The Dutch Brother lent to the District of French-speaking Canada to work in Haiti retains his official membership of the District of Holland.
7. If a Dutch Brother wishes to extend his period of two years, this agreement will be revised before (specify the date) by the three parties concerned mentioned in paragraph 3.

*(signature)*

*(signature)*

\_\_\_\_\_

For the District of Holland

\_\_\_\_\_

For the District of French-speaking Canada

## **Appendix IX – AGREEMENT OF ASSOCIATION BETWEEN TWO DISTRICTS (II)**

*(Donor District: "X" – Host District: "Y")*

By this present document drawn up between District X (specify the name) and District Y (specify the name), we have agreed upon the following:

- 0.1. The present agreement comes into force on (give the date) and is valid for (specify the number of years).
- 0.2. Either of the partners can take the initiative to propose, before the expiry of the present agreement, changes that might become necessary.

### **1. Exchange of personnel**

- 1.1. Brothers from District X who, with the agreement of their own Visitor, volunteer for missionary work in District Y, are accepted according to the terms of a renewable contract of limited duration.
- 1.2. This contract states, as far as possible, the expectations of District Y and those of the Brother who volunteers his services.
- 1.3. This contract comes into force when the Visitor of the donor District gives his agreement. Before doing so, he will assure himself that the volunteer Brother is fully aware of what he is doing and is capable of fulfilling the expectations of District Y. The Visitor of the donor District informs the volunteer Brother and the Visitor of District Y when he has ratified the agreement.

- 1.4. On the date specified by the contract, the volunteer Brother comes under the jurisdiction of District Y and becomes a full member of that District. This change of status occurs normally at the time of departure. It can begin before or after a period of training approved by the Visitor of District Y.
- 1.5. On the completion of the contract, and if it is not renewed, the volunteer Brother returns to his original District (see point 3 below).

**2. Status of a missionary Brother from District X who returns temporarily to his original District during the period when his contract is still in force.**

- 2.1. The Brother contracted to work in District Y remains under the authority of the Visitor of District Y during his stay in his original District. He follows the directives of District Y for Brothers staying abroad.
- 2.2. During regular holidays, the return fare between the town in District Y and the town in District X is paid for by the Brother's original District, except where some organisation is prepared to meet the cost. These regular holidays are taken normally every two years.
- 2.3. District X reserves the right to organise these journeys or to contribute to the cost of the journey on the basis of the cheapest rate available.
- 2.4. The stay of the Brother in communities of District X is free of charge.
- 2.5. Holiday money, insurance cover, travel expenses, cost of study courses are the responsibility of District Y. The same applies also to any exceptional expenditure which the Brother incurs with the permission of the Visitor of District Y.

**3. Status of a Brother returning to his original District for good**

- 3.1. The Brother who returns to his original District for good on the completion of his contract remains under the authority of the Visitor of District Y till his arrival in his original country. On arrival in his original country, he comes under the jurisdiction of the Visitor of his original District.
- 3.2. The District of origin pays for the direct fare home of the Brother. Pocket money, clothing, medical costs and others (see 2.5.) are the responsibility of the original District.

**4. Status of a Brother who moves from District Y to another missionary sector**

- 4.1. The status of a Brother who, on completion of his contract with District Y wishes to serve in another missionary sector, is that of a Brother who has returned for good to his original District.
- 4.2. His service in a sector other than District Y must be covered by a contract drawn up by the volunteer Brother, the Visitor of his original District and the Brother responsible for the sector which takes him on.

**5. Status of Brothers from District X who come to District Y for a short stay or for study**

- 5.1. With the agreement of the Visitor of District Y, a Brother from District X can stay in District Y for the purpose of study or to offer his services on a temporary basis. This Brother remains under the jurisdiction of the Visitor of his own District and follows the directives of his District regarding Brothers residing temporarily abroad.

5.2. In each case, the specific status of the Brother during his temporary stay in District Y will be the object of an agreement between the Brother in question, the Visitor of District X and the Visitor of District Y.

5.3. Pocket money and the expenses enumerated in 2.5., as well as any expenses the Brother may incur during his stay, will be the responsibility of District X which sends the Brother.

**6. Status of a Brother from District Y staying in District X**

6.1. With a view to encouraging exchanges between District X and associated sectors, District X accepts Brothers from District Y on a temporary basis.

6.2. The status of the Brother from District Y staying in District X on a temporary basis will be decided jointly as each case arises by the Brother in question, the Visitor of District X and the Visitor of District Y.

**7. Exchange of services between the two Districts**

7.1. The Missions Secretariat of District X is available to help District Y with regard to visiting Brothers, administrative matters and in any other way it can.

7.2. The Visitor of District Y can delegate his authority in specific matters to the Secretariat of District X, with the agreement of the Visitor of District X, to whom the Secretariat is answerable.

7.3. In cases where District Y asks the Secretariat to administer certain funds, the Secretariat keeps separate accounts for these funds, and administers them according to instructions received from the Visitor of District Y, to whom it is accountable.

7.4. District X and District Y keep in close contact and exchange information about their activities and plans, in particular, by sending each other their publications and official documents.

7.5. During the period covered by the present contract, District X makes an annual contribution of (state sum) towards the formation costs of the Brothers of District Y.

For the District "X" \_\_\_\_\_ Signed at \_\_\_\_\_ on, \_\_\_\_\_

For the District "Y" \_\_\_\_\_ Signed at \_\_\_\_\_ on, \_\_\_\_\_

## **Appendix X – AGREEMENT BETWEEN THE "LA SALLE ASSOCIATION" AND THE MANAGEMENT ASSOCIATION OF A SCHOOL**

*(Model of the "La Salle Association" from the District of France)*

### **Preamble**

- The La Salle Association (LSA), an association as understood by the law of 01.07.1901, *"has as its aim the spread of the educational and spiritual values promoted by St John Baptist de La Salle and by his Institute, and the maintenance and promotion of Christian education for young people in educational establishments"*.

The LSA is responsible for the "tutelle" of Lasallian educational establishments in the name of the Institute of the Brothers of the Christian Schools in France. The LSA collaborates with its various partners in educational communities in the pursuit of their common mission, in accordance with the statutes of the Catholic Education Association.

The Committee of local LSA organisations acts normally as the liaison with the OGEC (Management of Catholic Schools Organisation).

Le Conseil de chaque délégation locale ALS est l'interlocuteur habituel des OGEC.

- The Association..., in accordance with the law of 01.07.1901, has the responsibility for the management of schools, and is committed to helping to bring about the fulfillment of the aims of the LSA by the means at its disposal.
- Since the best way for these two associations to function together consists in permanent, close and positive cooperation, the present Agreement has as its aim to define the framework of this cooperation.

#### **Article 1**

The Brother Visitor, or his representative, is a member by right of the Council of the Association, in accordance with the statutes of the Association. He is in regular contact with its chairman.

#### **Article 2**

When a project is likely to affect the educational work of the school, its financial situation or the future of the Management Association, the Management Association draws up this project and implements it in close association with the LSA.

#### **Articles 3**

When the headmaster of a school is due to be changed, the Brother Visitor or his representative, after consultation with the Management Association, proposes a candidate to the ISA Office, which decides whether to accept the candidate, in accordance with the procedures in force in the Catholic Education Association. The same procedure is used when it withdraws its approval.

#### **Article 4**

Visits to schools organised by the LSA are a means of exercising the "tutelle". The Management Association is involved in this.

#### **Article 5**

The way this Agreement works in practice will be periodically assessed at the local LSA organisation level and by the school concerned.

#### **Article 6**

Disputes which cannot be settled by the signatories of this Agreement will be submitted initially to the arbitration of a Reconciliation Council, composed of 3 representatives from the local LSA organisation council and 3 representatives from the UROGEC. Where necessary, arbitration could be provided at a national level by a Commission set up and convoked by the President of the FNOGEC and the President of the ALS.

*The Management Association:*

*The La Salle Association:*

## Appendix XI – REPORT ON THE FINANCIAL SITUATION OF A DISTRICT

According to article 140b of the Rule, "an annual report on the financial situation of the District is sent by the Brother Visitor to the Brother Bursar General". It is recommended that the Districts send a financial report made by a professional audit society. If that is not possible, this appendix can help to prepare the report. It is up to the Districts to adapt this form to their accounting, eliminating some accounts and/or adding new ones.

District of:  
Country (or Countries):  
Period ending:  
Brother Visitor (*signature*):  
Provincial Bursar (*signature*):

**BALANCE SHEET (as at \_\_\_\_\_ 19\_\_\_\_)**

<b>ASSETS</b>	<b>Local currency</b>	<b>US \$</b>
FIXED ASSETS:		

Land, buildings & equipment less depreciation (-) Depreciation allowance Investments Loans and advances Other accounts receivable Inventories (stocks of goods)		
<b>CURRENT ASSETS:</b>		
Cash		
Current accounts		
Deposit accounts		
Debtors and prepayments		
Other accounts		
<b>TOTAL ASSETS</b>		

#### LIABILITIES

Balance beginning of period Allocated funds (-) Losses of previous year Contingency Fund Due to and advances Long and medium term loans Temporarily restricted funds Allocated for special purposes (+/-) Surplus /(deficit for year)		
<b>TOTAL LIABILITIES</b>		

#### REVENUE ACCOUNT (for the year ending \_\_\_\_\_ 19\_\_\_\_)

<b>INCOME</b>	<b>Local currency</b>	<b>US \$</b>
Contributions from Communities		
Contributions from schools		
Retirement pensions		
Salaries and honoraria		
Rentings and interest on loan		
Dividends and interests		
Donations, gifts, legacies		
Sales of property		
Exceptional receipts		
Other revenue		
<b>TOTAL INCOME</b>		

#### EXPENDITURE

Board and lodging District administration		
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Salaries		
Depreciation of assets		
Donations: missions, Sharing Fund,...		
Formation and training		
Retirement Fund.		
Medical		
Exceptional expenses		
Other expenses		
<b>TOTAL EXPENSES</b>		

<b>Surplus / (Deficit) for Period</b>
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