

**ASSOCIATION OF TREASURERS OF RELIGIOUS INSTITUTES
ORIENTATION AND ONGOING LEARNING PROCESS**

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TABLE OF CONTENTS

	Page #
INTRODUCTION	4
1. COLLABORATION IN FINANCIAL STEWARDSHIP	
a. History	4
b. Key Terminology Relating to Religious Life	5
2. ORGANIZATIONAL STRUCTURE	14
a. Understanding the Entity which is an Organization	15
b. Recognizing the Key Elements of any Organization	15
c. Understanding Civil Incorporation in Canada	18
d. Understanding the Registered Charity in Canada	19
e. Canon Law and Public Juridic Persons	21
f. Emerging Changes in Organizational Structures of Religious institutes in Canada	23
g. Canadian Catholic Congregational Management/ Canadian Religious Stewardship Board (CCCM/CRS)	24
3. LEADERSHIP	
a. Leadership Team	25
b. Canonical Treasurer	26
c. Finance Office Personnel	27
d. Members of the Congregation	28
e. Local Treasurers	28
f. ATRI	28
g. External Advisors (e.g., Legal, Investments, Banking)	29
h. Expectations in all Above Relationships	33
i. Respect for values and mission	
ii. Confidentiality	
iii. Respect for decision-making processes	
iv. Contribution to dialogue and decision-making re finances	
v. Observation and analysis of trends	
4. IMPLICATIONS OF CIVIL LAW	
a. Incorporation – Federal and Provincial	35
b. Incorporation Documents	36

c. Objects as Included in Letter Patent	37
d. Annual Filing with Government	38
e. Registered Charity	38
i. Registration number	
ii. Annual filing of T3010	
iii. Financial review	
iv. Sharing our resources	
• Disbursement quota, qualified donees, etc.	
• Contracts for donations outside Canada	
• Non-registered charities	
f. Charitable Trusts	43
g. Charitable Foundations	44

5. FINANCIAL PLANNING GOALS:

CARE OF THE MEMBERS AND ADVANCEMENT OF THE MISSION

a. Long-range Planning	45
b. Oversight of Budgets	46
c. Understanding Financial Statements	47
d. Contracts	47
e. Investment Management	48
f. Insurance	51
g. Property	51
i. Deeds	
ii. Disposition	
iii. Acquisition	
iv. Maintenance	
h. Automobile fleet	56
i. Acquisition	
ii. Disposition	
iii. Maintenance	
i. Banking and Related Issues	57
j. Taxes	58
k. Patrimony	60
l. Understanding of and Support for Incorporated Ministries	62
m. Financial Archives	63

6. HUMAN RESOURCES MANAGEMENT

a. Human Resources and Operations	65
b. Policies and Procedures	66

c. Contracts	66
d. Job Classification and Salary Scale	66
e. Performance Reviews	67
f. Payroll and Related Issues	67
g. Benefits Package	68
h. Unionized Environment	68

CONCLUSION

APPENDICES

A: Director of Finance Job Description	71
Accounting Clerk Job Description	
Payroll Coordinator Job Description	
B: Sample Terms of Reference for Finance Advisory Council	77
C: Sample Privacy and Confidentiality Policy	82
D: Summaries of Audit versus Review Requirements under CNCA and ONCA	88
E: Sample Excerpts from Administration Manual Pertaining to Operating Plans and Budgets	90
- General	
- Quarterly reports	
- Monthly reports	
- Key statistics	
- Revenue	
- Operating expenses	
- Capital expenditures	
- Staffing levels, wages, salaries and benefits	
F: Sample Investment Policy	95
G: Sample Automobile Fleet Policy	100
H: Sample Table of Contents for Human Resource Policy Manual	102

INTRODUCTION

This document forms the basis for an orientation and ongoing learning process for Leadership Teams and administrative teams related to governance, leadership, administrative, financial and human resource management processes within individual congregations/Institutes. The process builds on a previous financial checklist (1997). It assumes ongoing learning which builds on initial orientation and is meant to be used every year. The process starts each year at the annual planning meeting of the Leadership Teams and assumes a planning meeting of the administrative teams as well. The process can be used by two or more Leadership Teams working together in a local area.

1. COLLABORATION IN FINANCIAL STEWARDSHIP

1a. History

Religious institutes in Canada are at a new moment in their journey – a moment of transformation and new energy. Ministry which had meant communal and personal works of the women and men religious has been broadened to include collaboration with other groups and persons who share common values and more intentional use of financial resources for ministry often in sustainable programs. Responsible stewardship which had meant the care of financial resources and property has been broadened to include an appreciation for the gifts of all creation and accountability for the care of Earth.

In this moment of transformation, one of the greatest gifts the Institutes have is the increasing presence of lay collaborators who work so closely and so effectively with Leadership Teams and with women religious and men religious to ensure the responsible stewardship of the Institutes' resources. This stewardship is manifested through governance, leadership, administration, human resources management, financial management and property management. Two challenges are inherent in this moment of transformation: learning to work together in new ways that are respectful and trusting, and finding creative responses to the increasingly more complex civil and canonical environment surrounding every aspect of administration.

Recognizing these two major challenges and seeking ways to support its members in addressing them, the Board of the Association of Treasurers of Religious institutes (ATRI) focused on strategic visioning and planning at ATRI's annual conference in Halifax in 2011. Flowing from this session and with input from both women religious and men religious and lay collaborators, ATRI developed this orientation and ongoing learning guide as a resource to assist all who are responsible for or participate in the administrative processes of the religious institutes. The guide is available in both print and electronic format.

The guide is intended to be used as:

- a support for orientation between Leadership Teams and administrative teams at the beginning of a leadership term
- a guide for annual planning meetings of Leadership Teams and administrative teams
- an ongoing resource for specific issues
- a tool for orientation for new members of both leadership and administrative teams and as an accountability mechanism.

Each religious institute is encouraged to make the guidebook one of the key elements in strengthening its administrative infrastructure and, in this way, its accountability for responsible stewardship. The plan is to update this guidebook regularly as new information becomes available.

The words from I Tim 6:17-19 set the context for the guidebook: “As for those who in the present age are rich, command them not to be haughty, or to set their hopes on the uncertainty of riches, but rather on God who richly provides us with everything for our enjoyment. They are to do good, to be rich in good works, generous, and ready to share, thus storing up for themselves the treasure of a good foundation for the future, so that they may take hold of the life that really is life.” May this guide be for religious institutes in Canada one more means of storing up the treasure of a good foundation for the future.

1b. Key Terminology Relating to Religious Life

Alienation – The transfer of ownership of Church property. Related to the term are acts whereby the stable patrimony of a juridic person is endangered.

Apostolic Ministry – The work of an apostle, not only of the first followers of Christ but of all the faithful who carry on the original mission entrusted by the Savior to the twelve to "make disciples of all nations" (Matt 28:19). Its purpose is not temporal welfare, however noble, but bringing people to the knowledge and love of Christ and, through obedience to his teaching, help them attain life everlasting.¹

¹Father John Hardon, SJ, *Modern Catholic Dictionary*, © 2014 Life Eternal.

Associates – Lay men or women who form a special relationship with a religious institute. They usually undertake an orientation period during which they learn about the Institute’s charism and ministry. They then make a commitment for a specified period of time or, in some cases, for life. Faith-sharing and evangelization are the most prominent roles for associates in most Institutes. In some cases, they may have ministerial roles.

Brother – A name used to describe a member of a men’s religious order who is not ordained or studying for the priesthood.

Candidate – A person who is in the initial stages of becoming a religious priest, brother or sister. A candidate is sometimes called an aspirant or postulant. The length of time varies from congregation to congregation.

Canon Law – The laws governing the status and activities of the Catholic Church and its members. The first authentic collection of laws occurred in 1234, under Pope Gregory IX. The legislation was revised after the Council of Trent, and then codified for the first time in 1917. The canons were significantly revised after Vatican II and are now found in the 1983 *Code of Canon Law*. However, there are many other laws that are not in the *Code*, especially those issued after 1983.

Cession – The act of giving up rights or property. In the case of religious institutes, this term most often refers to a member’s act of giving up some or all of their patrimony, or its administration.

Chapter – A collegial gathering representing the members of a religious institute and held periodically in accordance with the Constitutions (usually every four or five years). In addition to holding elections, chapters also deal with matters affecting the Institute and its members. Previously, a distinction was made between a “chapter of elections” and a “chapter of affairs,” but this distinction is no longer found in the *Code of Canon Law*. However, a religious institute can decide to distinguish the two functions. When in session, the general chapter is the highest legislative authority within the Institute.

Chapter Directives – Statements which indicate the focus of the congregation during the period of time until the next Chapter is held. They are formed after prayer and discussion by members and the ideas of individuals or groups are formulated into a statement by a writing team. This work can be further discussed during the Chapter, and at the end of the Chapter it will be voted on by the membership. Elected leadership has the responsibility of helping see that these directives are carried out during their term.

Questions/Actions

What is the congregation's Directional Statement?

How do you help with its being carried out?

Speak with members of the congregation as to how they are carrying out their Directional Statement.

Charism – The term charism taken from the Greek, *charis* - grace. It can be described as a special gift from God to an individual or group which is used for the good of the entire world. With respect to religious communities, their specific charism is seen as coming from their founders to inspire the life and ministry of the community they have helped to create. A religious institute's charism helps it to focus on a particular work such as working with the poor, in education or health care.

Questions/Actions

Who was the founder of the congregation?

What was the charism of the founder that was given to its members?

What did this look like at the founding?

Speak to a member about the meaning of charism in their life.

Consecrated/Religious Life – A call from God to imitate Jesus who was poor, chaste and obedient to the will of the Father. Consecrated life includes religious priests, brothers, and sisters, members of secular Institutes, hermits and consecrated virgins.

Constitution – The fundamental rule of life of a religious institute, containing the principles of religious life in general and as understood by a particular community, together with the basic norms by which the members are to put these principles into practice.² The constitutions become effective once they have received approval from the competent ecclesiastical authority – the diocesan bishop (in the case of a diocesan Institute) or the Holy See (for pontifical Institutes).

Diocesan Congregations – Religious congregations which are subject most directly to the local bishop, as distinguished from pontifical congregations which are direct subjects of the Holy See.

Directives – A term difficult to define because it can mean different things in different situations. An example of directives are documents issued by the pope or bishops of the

² Father John Hardon, SJ, *Modern Catholic Dictionary*, © 2014 Life Eternal.

Church which elaborate on the moral teachings of the Church as they relate to particular ethical or religious issues, e.g., the US Council of Catholic Bishops has issued Advanced Health Care Directives dealing with various end-of-life issues. But directives can also be issued by a Chapter. The precise meaning of the word will depend on the context in which it is used. (See also “Chapter Directives.”)

Dispensation – The relaxation of a law in a particular case. Thus, if a religious, during the period of vows, wishes to leave the religious institute, a dispensation from the commitment must be obtained from the competent authority.

Dowry – A prescribed amount of money or its equivalent brought to a community by a woman religious on her entrance into the convent. It is not owned by the religious institute as long as the member is alive. But it is entrusted to the Institute, which can use the interest. Should the member leave at any time, the dowry is returned to her but not any interest accruing from its investment.

Ecclesiastical Works – The works of the Church as an organized body, with stress on its juridical and institutional structure.³

Exclaustration – Authorization to live separately from the Institute for a period of time. The congregational leader in pontifical Institutes can grant permission up to three years. During the period of exclaustration, the religious remains bound by their vows and by the obligations of their profession so far as they are compatible with their status.

Feast days – the day celebrated by religious who took a saint's name when they entered religious life. When many returned to their family name, they sometimes gave up the celebration of this day. Today, a religious may celebrate the patronal feast of his/her baptismal namesake. (See also “Major Feast Days.”)

Questions/Actions

Who celebrates their feast day in the congregation?

Formation – The process of education which introduces candidates to religious or priestly life. Formation involves spiritual, apostolic, doctrinal and practical elements to help the candidates and the young professed to assimilate and deepen the particular charism of the Institute.

³ Father John Hardon, SJ, *Modern Catholic Dictionary*, © 2014 Life Eternal.

Formation of those called to the diocesan priesthood takes place during their seminary years. Ongoing formation continues throughout the life of the ordained minister or those called to apostolic or consecrated life.

Generalate – A term used to refer to the location of the general or central administration of an Institute. It can also be a term used collectively to refer to the elected administration of an Institute.

Questions/Actions

What other names are used to describe elected administration?

Holy See – A term synonymous with “Apostolic See.” It refers to the offices of the Church, generally located in Vatican City. These offices include the Secretariate of State, various congregations (such as the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life), Councils and Tribunals.

Jubilees – A day set aside by religious institutes to honour members who are celebrating a significant period of time in religious life. Typically, the time periods recognized are 25, 50, 60, 70, 75, 80, and 85 years. There will usually be a special Mass, and a Jubilarian invites family and friends to celebrate with them.

Questions/Actions

Who is celebrating Jubilees in the Institute this year?

Which member has been in religious life the longest in the Institute?

Collaborate among themselves to discover who has been in religious life the longest within the Institutes.

Juridic Person – The ecclesiastical equivalent of a not-for-profit corporation. Just as a civil corporation comes into existence as a “fictional person” by an act of civil authority, a juridic person comes into existence in the Church by an act of ecclesiastical authority. The specific requirements and operations of a juridic person are set forth in canons 113 - 123.⁴

Local Leader – One responsible for the needs of other members living in residences within a religious institute. The local leader is sometimes known as the “local superior.” They will have

⁴ From the website www.archchicago.org in the document entitled “General norms, accountability and ecclesiastical practices.”

either been elected to the position by those in residence or been appointed by the Leadership Team. In recent times the number of local leaders has decreased as members no longer live together in numbers which warrant one person being in charge. When this is the case, there may be a person from administration who is designated as their contact person.

Questions/Actions

Are local leaders still present in the Institute?

Major Feast Days – Major days of celebration within the Catholic Church, including Christmas, Easter, Good Friday, etc. There are also days which religious institutes consider as their own major feast days. These are often connected to a saint to which they have a particular connection or to their founder.

Questions/Actions

Which day(s) does the Institute celebrate as significantly important to them?

Ministry – The term taken from the Greek word *diakonia*, meaning "to serve." Ministry is seen as service to God and to other people in God's name. With respect to religious communities, ministry is sometimes witnessed by the works they do. As well, there is the very important ministry of prayer. (See also "Ecclesiastical Works.")

Questions/Actions

What are the ministries carried out by the members of the Institute today?

How do these differ from ten or twenty years ago?

Speak to members about the ministry they have been involved in and how it has deepened their spirituality.

Novice – A person who is new to the community and is engaged in the process of initial formation. The word "novice" means "new."

Novitiate – A special period of preparation (one or two years) prior to taking vows. In this intensely spiritual time during the initial formation, with the help of a formation director, the candidates (novices) discern their vocation and come to a decision about whether they are called to religious life. Spirituality, Prayer, Scripture, Church history and the particular charism of the community are elements of the formation program during novitiate.

Nun – A term often used to describe women religious. The term usually refers to those women religious who are members of contemplative and often cloistered orders. (See also “Sister.”)

Patrimony – Any property an individual owns when she/he enters religious life. The administration of this property is the responsibility of the religious institute and/or another named by the religious and not the individual who has surrendered their right to the use of this property with the vow of poverty. Individuals may at times relinquish all or part of their patrimony to other individuals with the consent of their congregational leadership. At death, patrimony distribution is determined in accordance with the individual's will. (Refer also to section 5k of this document.)

Pontifical Congregation – Religious congregations which are subject directly to the Holy See, as distinct from diocesan congregations which are subject most directly to the local bishop.

Profession – An act of consecration making vows of poverty, chastity and obedience which incorporate a person in a religious community. Profession is normally made initially for a certain time (simple or temporary vows), and then later for life (solemn or perpetual vows).

Province/Region – The union of a number of religious houses under one and the same superior, constituting a part of the same Institute.⁵

Reserved Powers – Powers which are designated to particular parties under civil and/or canon law. These are often seen in cases where ministries formerly owned and operated by religious institutes are transferred to lay or secular bodies. The legal documentation for the transfer may set out “reserved powers” for the Institute, such as control over the philosophy and mission of the entity, its by-laws, and other provisions which allow the Institute to ensure that the entity continues to operate in a manner which is consistent with the values and mission of the Institute.

Retreat – Withdrawal for a period of time from one's usual surroundings and occupation to a place of solitude for meditation, self-examination, and prayer, in order to make certain necessary decisions in one's spiritual life. Although the practice is older than Christianity, the example of Jesus' forty days in the desert makes such retreats part of divine revelation, to be imitated, as far as possible, by his followers. As a formal devotion among all classes of the

⁵ Father John Hardon, SJ, *Modern Catholic Dictionary*, © 2014 Life Eternal.

faithful, retreats were introduced with the Counter-Reformation, led by St. Ignatius of Loyola, and followed by St. Francis de Sales and St. Vincent de Paul. Retreats for a specified number of days are required of all priests and religious. "We desire," wrote Pope Pius XI, "that retreat houses, where persons withdraw for a month, or for eight days, or for fewer, to put themselves into training for the perfect Christian life, may come into being and flourish everywhere more numerously."⁶

Sabbatical – A time of rest from work, or a break, often lasting from two months to a year (from Latin *sabbaticus*, from Greek *sabbatikos*, from Hebrew *Shabbat*, i.e., Sabbath, literally a "ceasing"). The concept of sabbatical has a source in *shmita*, described several places in the Bible (Leviticus 25, for example, where there is a commandment to desist from working the fields in the seventh year). In the strict sense, therefore, a sabbatical lasts a year.⁷ This time is usually used to study and/or acquire new skills.

Sister – A member of an active religious community. A sister serves God in the spirit of the charism of her community and works in many different ministries, according to the needs of the Church, the religious institute, and society.

Spirituality – A term from the Hebrew word *ruach* which means 'wind', 'breath', 'spirit', 'whatever animates and gives life'. It can be seen as taking one deeper into life – our own life, God's life, the lives of other people and the life of the cosmos.

Spirituality can mean something different to everyone. For some, it is about participating in organized religion: going to church, synagogue, mosque, etc. Some people get in touch with their spiritual side through private prayer, yoga, meditation, quiet reflection, or even long walks.

Several different spiritual traditions or spiritualities can be found within Christian spirituality. They may be historical in origin (e.g., French spirituality in the seventeenth century), some are associated with founders of religious congregations (e.g., Franciscan spirituality, Ignatian spirituality), and some are based on sociological variables (e.g., feminist spirituality).

Questions/Actions

How does the Institute define its spirituality?

⁶Pope Pius XI, *Constitution Declaring St. Ignatius Patron of All Spiritual Exercises*, 25 July 1922. Taken from *Modern Catholic Dictionary* by Father John Hardon, SJ (© 2014 Life Eternal).

⁷From *Wikipedia*.

Speak to a member about spirituality and the form(s) it takes in his or her life.
Talk to other lay collaborators about the essence of spirituality in other Institutes.

Sponsorship – The use of a particular name and the exercise of certain responsibilities that arise from this use. Although the term "sponsorship" is not used in the *Code of Canon Law*, in the case of church ministries such as the Catholic health ministry, the term refers to works undertaken in the name of Christ, on behalf of the Catholic Church. Traditionally, sponsorship had emphasized a position of corporate strength and independence through ownership and control via reserved powers. Today, a presence is required that relies more on the ability to influence. Sponsorship in canon law entails a relation to the threefold mission and ministry of the church: to teach, to sanctify, and to serve God's people.

It has generally been held that for a work to be identified as "Catholic," it must, in one way or another, be related to a juridic person in the church, such as a diocese, a religious institute, one of the Institute's provinces, or even one of its established houses (canon 634). There could also be situations in which no formal juridical person is involved and yet the work is considered to be "Catholic."

In recent times, new entities established specifically for sponsorship purposes have been recognized either by bishops or by the Holy See. These entities, usually known as "public juridic persons" (but sometimes also called "foundations"), assume the sponsorship responsibilities previously assumed by a religious institute (or one of its parts) or a diocese. In some instances, these entities also assume all the ownership and property rights previously held by the original Institute or diocese.⁸

Stable Capital/Patrimony – Stable patrimony destined for the long-term security of the members (in the case of a religious institute) and of the sponsored works. In general, it can be said that stable patrimony consists of lands and buildings, of certain other types of property (such as a specialized library, historical or cultural items), long-term investments and endowments, and restricted funds set aside for a specific purpose. Of course, not every building or piece of land operating under the auspices of a religious institute is necessarily part of its stable patrimony. The most obvious example is a medical office building built on the property of a sponsored hospital, but which is merely a commercial undertaking to provide for the hospital itself.⁹

⁸ From the website www.ncbi.nlm.nih.gov included in a list of terms cited in the *US National Library of Medicine*. This "definition" was attributed there to Father Francis G. Morrissey and was meant to explain certain aspects of Catholic health care institutions.

⁹ This wording is taken from www.chausa.org from a paper entitled "What is Stable Patrimony?" authored by Father Francis G. Morrissey.

Vatican II – The twenty-first ecumenical council of the Catholic Church and the second to be held at Saint Peter's Basilica in the Vatican. The Second Vatican Council (informally known as Vatican II) addressed relations between the Roman Catholic Church and the modern world. The Council, through the Holy See, formally opened under the pontificate of Pope John XXIII on 11 October 1962 and closed under Pope Paul VI on the Feast of the Immaculate Conception in 1965.

The Council itself became known for its renewal of Catholic doctrine in a modern timeline and perspective. Several institutional changes resulted from the Council, such as the renewal of consecrated life with a revised charism, ecumenical efforts towards dialogue with other religions and the expressive participation of laity in various religious activities.¹⁰

Vows – A free, deliberate and public promise made to God before the Church and the legitimately appointed superior. The three basic vows are poverty, chastity and obedience, but some congregations take additional vows. Members of secular Institutes make private vows or sacred bonds of the evangelical counsels according to the constitutions of their particular Institute.

2. ORGANIZATIONAL STRUCTURE

Religious institutes/congregations are organizations which have standing in both civil law and canon law. Like all organizations, they have relationships internally with members and employees and externally with other persons and organizations. They have a leadership group, and they have foundational documents which describe their rights and responsibilities. Under civil law, they may or may not be incorporated (either provincially or federal) and may or may not have registered charity status.

In addition to the civil laws, they are accountable under the laws of the Church itself, known as canon law. Canon law is derived from a formal code promulgated in 1983, and from canonical jurisprudence which has evolved over many years. In many instances, the code defers to the existing civil law, but only to the extent that the civil laws are not contrary to canon law. If the religious institute is incorporated, the corporation will also have civil by-laws, which should be in harmony, as much as possible, with the canonical statutes.

¹⁰ From *Wikipedia*.

2a. Understanding the Entity which is an Organization

An organization is a social entity that has a collective goal and is linked to an external environment. There are a variety of legal types of organizations, including corporations, governments, non-governmental organizations, charities, not-for-profit corporations, partnerships and cooperatives.

An organization is defined by:

- The elements that are part of it (who belongs to the organization and who does not)
- Its communication (elements which communicate and how they communicate)
- Its autonomy (which changes are executed autonomously by the organization or its elements), and its rules of action compared to outside events (what causes an organization to act as a collective actor).

Organizational structure affects organizational action in two major ways:

- It provides the foundation on which standard operating procedures and routines rest
- It determines which individuals get to participate in which decision-making processes, and thus to what extent their views shape the organization's actions.

2b. Recognizing the Key Elements of any Organization

The key elements of any organization, including a religious institute or congregation, are as follows:

- Mission
 - The organization has a clearly articulated and agreed upon purpose.
 - There is a consensus on the primary services the organization should provide.
 - There are shared values and beliefs that guide the organization and its members.
 - There is a clear and agreed upon vision of what the organization is trying to accomplish and what it will take to make that vision happen.
- Culture
 - Culture is the pattern of shared beliefs, values and assumptions that are acquired over time and shape behavior.
 - Culture embodies the unwritten rules and norms which govern the collective behaviour of the organization.
 - Culture determines the way things are done in the workplace, how decisions are made, how clients are taken care of and how employees are treated.

- The organization has legal and ethical integrity. Systems are in place to ensure adherence to legal standards and ethical norms.
- The organization's mission and accomplishments are known publicly.
- There is an awareness of three levels of relationship: interpersonal relations involving all the participants in the organization; structural features or processes that characterize the integrity of the organization; and characteristics and actions of the organization as a collective entity within a larger system of relations.
- There is a capacity to change within the organization at all levels.
- People
 - People are the most important asset of every organization.
 - There are people with the right talents and competencies assigned to meaningful roles within a culture that is respectful, innovative, performance-driven and collaborative.
 - Teams and work groups have clear roles and responsibilities based on the inherent strengths and gifts of each individual.
 - There is a staff evaluation process that includes established performance expectations, periodic work review sessions and an annual evaluation.
 - There is effective governance that supports effective management; governance responsibilities for the Board of Directors are understood; there are written job descriptions for the Board and all committees; specific expectations of members are clearly articulated; the Board annually evaluates its performance.
 - There is ongoing professional development of all personnel.
 - There are appropriate rewards and recognition for all personnel.
- Environment
 - The open system perspective recognizes that organizations are systems of interdependent activities linking shifting coalitions of participants. The systems are embedded in and dependent on continuing exchanges with and constituted by the environments in which they operate.
 - Therefore, every organization exists in a specific physical, technological, cultural and social environment to which it must adapt.
 - There is an awareness of the institutions or forces outside the organization that potentially affect what the organization does and how it does it.
- Decision-Making and Structure
 - A harmonious work environment is created through the design and development of the operating and administrative systems.

- The *mechanistic model* of structure is characterized by extensive departmentalization, high formalization, a limited information network and centralization of authority. The *organic model* of structure is flat, uses cross-hierarchical and cross-functional teams, has low formalization, possesses a comprehensive information network and relies on participative decision-making.
- There is a well-defined organizational structure with clear lines of authority and responsibility including reporting relationships.
- There is a decision-making process and structure that supports decisions being implemented (including clarity as to who has input and who has responsibility for making various decisions).
- Lines of communication encourage and support the flow of information and feedback.
- There is a way of looking at group and interpersonal dynamics that is affirming of different views, non-threatening and practical.
- Meetings are well-organized and well-run.
- Personnel policies and procedures are in place and followed.
- Work Processes and Systems
 - Accurate and timely financial records are maintained.
 - A budgeting process is in place that ensures the effective allocation of resources.
 - Financial management activity adequately attends to such items as cash flow, internal controls, cost analysis, and tax compliance.
 - There is effective use of appropriate technology, computers and other management information systems.
- Planning
 - There is agreement on clients the organization should be serving.
 - A three to five year strategic plan is in place. The plan is reviewed yearly and modified as needed to reflect trends in the environment, current and future client needs, and the organization's capacity to meet those needs.
 - There is an annual planning process to set program goals and budget. There is a written operational plan that includes timelines and identification of who is responsible for which outcomes or activities. There is agreement on major overall strategies that the organization will use for the allocation of resources.
- Accountability
 - In-depth program evaluation is conducted as part of the planning process.

- The organization has feedback mechanisms in place to assess client satisfaction and client needs.
- Clients are satisfied with the services offered by the organization.
- Programs are effective and efficient. The organization provides quality programs that support the organization's mission.
- Leadership
 - There is an awareness of a spectrum of leadership styles, levels and roles. There are different levels of leadership: personal leaders, team members, leaders of leaders (managers/supervisors /directors), executive leaders and governing leaders. Leaders have multiple roles: visionary, catalyst, partner, decision-maker, inspirer, facilitator, implementer and evaluator.
 - The organization is a model for effective leadership (inspiring shared values and a shared vision, holding people accountable for achieving results and leading by example)
 - Leaders take responsibility for creating an environment in which all personnel feel supported and motivated to produce quality results.
 - Leadership is not just personified in one person but is a shared function among many people. There is a cohesive Leadership Team.
 - The organization takes a leadership role in the community, both in advocating on behalf of its constituencies and playing a key role in fostering cooperating among agencies offering similar services in the community.

2c. Understanding Civil Incorporation in Canada

A corporation is a separate legal entity that has been incorporated through a legislative or registration process established through legislation either provincially or federally. Incorporated entities have legal rights and liabilities that are distinct from their employees and shareholders, and may conduct business as either a profit-seeking business or a not for profit business.

Despite not being human beings, corporations, as far as the law is concerned, are legal persons, and have many of the same rights and responsibilities as natural people do.

The legal document that governs the identity of a corporation is known as the corporation's articles. The document known as the *Articles of Incorporation* creates the corporation and sets out important matters such as the corporate name, the province in which the registered office is located, the purpose of the corporation and the name(s) of the incorporator(s).

Civil or corporate by-laws would include such items as:

- The corporation (name, purposes, officers, dissolution)
- Membership in the corporation
- Board of directors (members, procedural rules)
- Officers (election or appointment, duties)
- Committees of the Board
- Fiscal matters
- Liability
- Indemnification
- Conflicts or duality of interest
- Non-discrimination (or similar policies)
- Corporate seal
- Review and amendment of the by-laws
- Action by other persons (e.g., those who, canonically, are responsible for ensuring the "catholicity" of the work).

Directors and officers are required to exercise at least the level of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. They are also required to act honestly, in good faith and in the best interests of the corporation, rather than in their own personal interest. This is known as an objective standard of care.

Corporations can be "dissolved" either by statutory operation, by order of court, or by voluntary action on the part of shareholders or members.

See section 4, "Implications of Civil Law," for more detail on the incorporation of religious institutes.

2d. Understanding the Registered Charity in Canada

A registered charity refers to a charitable organization, public foundation, or private foundation registered with the Canada Revenue Agency (CRA). A registered charity is issued a Registration Number once approved. It is exempt from paying income tax, and can issue tax receipts for donations it receives. It must be established and resident in Canada, operate for charitable purposes, and devote its resources to charitable activities.

The basic activities of a registered charity include the following:

1. *Engage only in allowable activities* - A registered charity is allowed to carry out its charitable purposes both inside and outside Canada in only two ways: by carrying on its own charitable activities and by gifting to qualified donees. A registered charity must maintain direction and control over its activities (whether carried out by the charity or by an agent or contractor on its behalf) and must not engage in prohibited political activities or unrelated business activities. Legal advice should be obtained whenever a charity is considering entering into an agent or contractor arrangement or if it has any doubt about whether its activities are allowable.
2. *Keep adequate books and records* - A registered charity must keep adequate books and records for the prescribed time period at an address in Canada that is on file with the Canada Revenue Agency.
3. *Issue complete and accurate donation receipts* - A registered charity may issue official receipts only for donations that legally qualify as gifts. An official receipt must contain all the information specified in Regulation 3501 of the *Income Tax Act*.
4. *Meet annual spending requirement (disbursement quota)* - A registered charity must spend the minimum amount calculated for its disbursement quota each year on its own charitable activities, or on gifts to qualified donees (for example, other registered charities).
5. *File annual T3010 information return* - A registered charity must file an annual T3010 information return (together with financial statements and required attachments) no later than six months after the end of the charity's fiscal period.
6. *Maintain the charity's status as a legal entity* - A registered charity that is constituted federally, provincially, or territorially must meet other specific requirements (in addition to the requirements of CRA) in order to maintain its status as a legal entity. This may include annual filing and/or annual fees. A registered charity should check with the relevant authorities to verify these additional requirements.
7. *Inform the charities directorate of any changes to the charity's mode of operation or legal structure* - A registered charity should get confirmation from the Charities Directorate (the Directorate) before changing its stated objects and/or activities to make sure they qualify as charitable.

See section 4, "Implications of Civil Law," for more detail on religious institutes as registered charities.

2e. Canon Law and Public Juridic Persons

The canon law of the Catholic Church is the system of laws and legal principles made and enforced by the hierarchical authorities of the Church to regulate its external organization and government and to order the activities of Catholics toward the mission of the Church.

A religious institute is a public juridic person of diocesan or pontifical right, that is, an aggregate of persons with its own rights and duties constituted by an act of competent ecclesiastical authority (canon 589). A religious institute is an integral part of the life and mission of the Church (canon 573). The autonomy of the religious institute is guaranteed by law (canon 586). It has the right to carry out a particular apostolic mission (canon 675, canon 677).

Public juridic persons are recognized canonical statutory bodies within the Church and they include all dioceses throughout the world, all parishes, all religious institutes, etc. Since the temporal goods of public juridic persons are ecclesiastical goods, their ownership and administration are governed by the prescriptions of the *Code of Canon Law*.

The canon law indicates that public juridic persons require statutes. The code provides a list of items to be included in the statutes, such as a purpose, constitution, governance, operations, and conditions of membership (see below). The statutes should indicate how a juridic person is dissolved. A juridic person may be extinguished if it is legitimately suppressed, or if it ceases to act for a hundred years. The statutes of public juridic persons should acknowledge the manner in which it may be suppressed in law (canon 120). Although no one desires to ponder the end of a juridic person, many difficulties can be avoided if the question of the extinction of the juridic person is anticipated in the statutes. In particular, the statutes should indicate how the assets are distributed if a juridic person is extinguished (canon 123). In the case of a public juridic person, the statutes should conform to any legal provisions that govern the distribution of its assets.

The religious institute is governed by the Major Superior and council according to the proper law (Constitutions and Norms) of the particular Institute (canon 587). The Major Superior and council, as ecclesiastical stewards, are responsible for the acts of ordinary and extraordinary administration of the temporal goods of the Institute. Acts of ordinary administration are those acts routinely necessary for the regular maintenance of persons and things. Acts of extraordinary administration are those acts which do not occur on a regular basis, may be considered unforeseen or exceptional, or which may involve a change in the Institute's patrimony.

Stable patrimony usually includes land and buildings, retirement funds and other temporal goods of historical or cultural value. There are certain acts of the Major Superior and council which are subject to the formalities attached to the canonical act of alienation (an act by which the ownership of property is transferred from one person to another, with proper ecclesiastical permission which protects the patrimony of the public juridical person, for example: mortgaging property, contracting long-term debts, selling land and buildings, entering into long-term leases, joint ventures, mergers).

Among the rights of a juridic person are the right to sue (and be sued); the right to acquire and hold property; and the right to direct its own affairs, according to the law. Among the obligations of a juridic person, there is usually an obligation of accountability to higher authorities. For instance, religious institutes are required to send a report to the Holy See on the occasion of the General Chapter.

By nature, the juridic person is perpetual (see canon 120). This means that even if the persons currently involved cease to be present (through resignation, death, incapacity and so forth), the work continues with new leadership. The juridic person exists until it is suppressed, usually by the person (or the successor) who first established the juridic person. The juridic person is represented by physical persons who are authorized to act on its behalf, either by law, or by special statutes (see canon 118).

Each juridic person must have canonical statutes, approved by the competent church authority (see canon 117). In some cases, the statutes simply refer to the *Code of Canon Law*, without any additional stipulations. In other cases, as when a juridic person is established not by law itself but by a particular decree, the canonical statutes spell out such details as: the purpose(s) of the juridic person, the manner in which it is constituted, its governance and its manner of acting (see canon 94). Canonical statutes pertaining to a public juridic person contain elements that are more permanent in nature, and not likely to change. These include:

- A preamble including the date of establishment of the juridic person
- Name and centre
- Purpose(s) (expressed in general terms)
- Members
- Reservation of powers, duties and rights of members
- Relationship to the Holy See (if a pontifical juridic person), or with the diocesan bishop (if a diocesan juridic person)
- Officers
- Meetings of the members (regular, special, other)

- Temporal goods (with reference to by-laws)
- Suppression
- Amendment of statutes.

The statutes should be flexible so that if, at a later date, other groups or works wish to join in, or if the address changes, it will not be necessary to return to the Holy See for supplementary approval. The canonical statutes are usually complemented by another document (often called "canonical by-laws") that contains particulars that are more subject to change:

- The public juridic person (relationship to civil law, etc.)
- Membership (terms of office, resignation, vacancies, meetings, procedural rules)
- Officers (election and appointment, duties of officers)
- Committees (standing and select committees, rules of procedure)
- Review and amendment of by-laws
- Action by the persons designated as responsible for monitoring the "catholicity" of the juridic person.

Canons pertaining to the temporal goods belonging to the religious institute include canon 598, §1; canon 634, §1 and §2; canon 635, §1 and §2; canon 636, §1 and §2; canon 638, §1, §2 and §3; canon 639, §1, §2, §3, §4 and §5; canon 640, canon 670 and canon 702, §1 and §2. Canons pertaining to temporal goods belonging to the individual members include canon 600, canon 668, §1, §2, §3 and §4. Canons pertaining to foundational principles for financial administrators of ecclesiastical goods include canon 1254, §1 and §2; canon 1255; canon 1256; canon 1257; canon 1284, §1, §2 and §3; canon 1286; canon 1288; canon 1290; canon 1291; canon 1292, §1, §2, §3 and §4; canon 1293, §1 and §2; canon 1294, §1 and §2; canon 1295 and canon 1296.

2f. Emerging Changes in Organizational Structures of Religious Institutes in Canada

Among the changes characteristic of new organization structures of religious institutes in Canada are the following:

- Formation of Canadian Catholic Management Services (see section 2g below)
- Amalgamating of Institutes (e.g., four groups of Sisters of St. Joseph in Ontario now constitute the Congregation of the Sisters of St. Joseph in Canada – March 2013)
- Sponsorship of religious institutes by other religious institutes (e.g., effective January 2012, the Congregation of the Sisters of St. Joseph of Toronto is responsible for the management and governance of the Congregation of the Sisters of Service as long as one Sister of Service is alive)

- Creation of separate foundations to continue the legacy of the religious institute (e.g., Catherine Donnelly Foundation by the Sisters of Service and Dorais Charities by the Grey Nuns of Manitoba)
- Establishment of new corporations as public juridic persons of pontifical or diocesan right to assume responsibility for health and social ministries of religious institutes (e.g., *pontifical*: Catholic Health Corporation of Manitoba, and *diocesan*: Saskatchewan Catholic Health Corporation and Catholic Health Corporation of Alberta)
- Increasing number of lay collaborators in administrative functions
- Assumption of selected administrative services of religious institutes by other organizations
- Congregate housing often including health care in facilities owned by other organizations (religious institutes or private owners – e.g., Despins Residence in Winnipeg, Trinity Manor in Saskatoon, Square Angus in Montreal)
- Emergence of new forms of religious life.

2g. Canadian Catholic Congregational Management/Canadian Religious Stewardship Board (CCCM/CRS)

Canadian Catholic Congregational Management/Canadian Religious Stewardship Board (CCCM/CRS) is a collaborative venture that has grown out of the awareness of both Catholic Religious Self-Insured Retention Program (CRSIRP) and Canadian Religious Administrative Services, Inc. (CRASI) that most Institutes of Consecrated Life and Societies of Apostolic Life in Canada are ageing and decreasing in membership.

- **CCCM** – Canadian Catholic Congregational Management is a not-for-profit civil corporation and registered charity under Canadian law, incorporated on December 15, 2008.
- **CRS** – Canadian Religious Stewardship is a public juridic person (PJP) of pontifical right under Canon law, established by Decree on December 8, 2010. It is the first of its kind in the world to be established for this purpose and is being closely monitored by Rome.
- These two entities function as one and are governed by the same Board. Board members include representatives from both men and women religious and lay persons. Their meetings are held four times annually.

The purpose of Canadian Religious Stewardship is to assist, in various practical ways, those Institutes of Consecrated Life and Societies of Apostolic Life who request its services. Canadian Catholic Congregational Management's mission is to support and help carry out the purpose of CRS. This assistance may take the form of helping religious institutes with diminishing resources (members and finances) identify their future challenges and work collaboratively with them to

develop long term elder care plans, financial management and future living arrangements. This may require religious institutes to streamline their current structures, downsize their temporal goods, or divest themselves of fixed assets now so that they may have the energy and resources to continue their charism in established existing ministries as well as secure a concrete future for their younger members.

2. LEADERSHIP

3a. Leadership Team

As explained in section 2, religious institutes are governed by the Major Superior and council according to the constitution of the particular Institute. Each Institute may refer to its Major Superior and/or council by different names, but in essence, they form what is referred to herein, as the “Leadership Team.” This team is responsible for the overall good governance of the Institute in accordance with its constitution, canon law, civil law and other norms for responsible stewardship.

In order to enshrine good governance throughout the particular Institute, the Leadership Team should adopt financial policies and procedures to be followed by local superiors, lay administrators and members in general. Where applicable, these policies and procedures should be approved by the Institute’s Generalate.

Local superiors, directors and coordinators administer the temporal goods of the local house or ministry according to the policies, procedures and budgetary constraints set by the Leadership Team. Their accountability is to the Major Superior, often referred to as the “Congregational Leader,” “General Superior,” or “Provincial.” Such norms also apply to members living on their own or in small groups. At the local level, expenditures in excess of approved operating budget amounts must be authorized by the Leadership Team.

The mission of the Institute must be the driving force behind its strategic planning. The Leadership Team is ultimately responsible for strategic planning to ensure that the mission is enshrined in the long and short term goals of the Institute. Such goals should be very clearly identified and should be consistent with the mission of the Institute world-wide. The strategic plan should cover a three to six year period. It should be reviewed at least annually to measure progress and to assess the ongoing viability and effectiveness. At least one year prior to the end of the current plan period, a new strategic planning process should be undertaken to put in place a fresh set of goals for the following three to six years. The Leadership Team is also responsible for financial planning and budgeting in accordance with the Institute’s policies. Financial planning should recognize the goals set out in the strategic plan and should facilitate the accomplishment of these goals.

The Leadership Team must ensure that they are informed of all matters which affect the land and buildings of the Institute. Anything which may affect the right of ownership or the value of the property held by the Institute is of critical importance. The Leadership Team shall hire qualified professionals as needed, to assist them in maintaining or realizing the value of these assets.

The Leadership Team must review the financial statements and other reports as submitted by the Canonical Treasurer, at least quarterly, as soon as possible after the end of the relevant period. Decisions which affect the financial state of the Institute should be made only after considering all of the relevant financial details.

The Leadership Team will seek the assistance of professionally qualified financial advisors as required.

The Leadership Team ensures that all employees receive a just wage taking into account their responsibilities, workload and qualifications. They fulfill this responsibility through their review and approval of the salary grid upon which employee compensation is based.

3b. Canonical Treasurer

The Canonical Treasurer is the congregational member canonically responsible for the administration of the temporal and financial goods of a religious institute. The Roman Catholic *Code of Canon Law* requires that the named “treasurer,” “bursar” or “financial administrator” of each religious institute be distinct from the Major Superior. The Canonical Treasurer, according to tradition, is a congregational member and may be elected or appointed according to the procedures of each Institute.

The Canonical Treasurer performs his or her role under the direction of the Major Superior (Major Superior or Provincial) of each Institute or Province and is also accountable to them. The Canonical Treasurer may or may not be a member of the congregational or provincial Leadership Team as each religious institute has its own guideline in this regard.

The primary duties of the Canonical Treasurer may be described as overseeing or performing acts of temporal or financial administration rather than the setting of policy. According to the *Code of Canon Law*, the Canonical Treasurer is charged with the duty of being a good household manager, ensuring that the temporal goods and financial assets of his or her congregation are adequately protected and well managed. The Canonical Treasurer is to ensure the competent administration of these goods and assets in accordance with both canon and civil law and in accordance with the governing documents of his or her particular Institute.

The Canonical Treasurer is not expected to carry out personally all the particular duties associated with administration of financial assets and temporal goods of a religious institute. Some lack the background and training or even interest for this, while others are more capable of assuming some or all of these duties.

Today Canonical Treasurers increasingly rely on the assistance of a variety of lay collaborators with the knowledge and expertise necessary for competent temporal administration and stewardship. These may include finance directors, accountants, bookkeepers and investment managers as well as financial, legal and management consultants.

3c. Finance Office Personnel

Director of Finance

The Director of Finance has responsibility for the management of a department with multiple functions (payroll, accounts payable, accounts receivable, financial reporting, contracts administration, cash receipts, general ledger, cash management, benefits and office/human resources administration). The Director of Finance develops, implements, and oversees plans and programs related to accounting, finance, audit, compliance, and human resources. The Director of Finance prepares all fiscal reports, such as cost accounting, budgets, regulatory agency and government reports.

As a member of the senior management team, the Director of Finance will work closely with various committees (audit, finance, investment) and the Board of Directors/Leadership Team. The Director of Finance will also play a key role in the Board of Directors/Leadership Team transition planning by ensuring that important corporate history and contracts are effectively communicated to the incoming Board/Team. A sample job description for the Director of Finance is contained in Appendix A.

Accounting/Accounts Payable Clerk

The Accounting/Accounts Payable Clerk's responsibilities include general accounting activities including but not limited to accounts payable, weekly cheque runs, monthly bank reconciliations, account analysis and monthly journal entries. A sample job description for an Accounting Clerk is contained in Appendix A.

Payroll and Benefits Coordinator

The Payroll and Benefits Coordinator oversees or performs all functions related to the processing of payroll. This includes fiscal and calendar year-end reporting, including T4s, EHT

(Employer Health Tax in Ontario), pension adjustments, and other government required documentation. The coordinator is also responsible for ensuring that payroll is in compliance with federal and provincial government and audit requirements and that there is alignment with payroll best practices to improve processes and to increase efficiency. A sample job description for a Payroll Coordinator is contained in Appendix A.

3d. Members of the Religious Institute/Congregation

Membership in a religious institute is the relationship formed by one's free response to God's call and the acceptance by the Institute who receives the member's profession of the vows of chastity, poverty and obedience. The congregation, in receiving this profession, affirms its responsibility to provide the means that enable members to follow Jesus Christ by participating in the life and mission (charism) of the Institute and according to its constitutions.

3e. Local Treasurer/Bursar

The local leader of each community ensures the responsible administration of the temporal affairs of the house. In this, she/he is assisted by a local treasurer/bursar. The local treasurer/bursar prepares the annual budget in consultation with the local leadership for the house and ensures that adequate funds are available for the administration of the house, e.g., maintenance, food and household, miscellaneous expenses, members' personal expenses, payment of invoices and bank reconciliation. The local treasurer/bursar prepares reports of the house expenditures for submission to the office of the Canonical Treasurer/Business Office as required.

3f. Association of Treasurers of Religious Institutes

The Association of Treasurers of Religious institutes (ATRI) is a Canadian federally registered charitable organization and a voluntary association of the Christian faithful without canonical status.

The purpose of the Association is to assist in the administration of religious institutes by providing a forum for collaboration among treasurers, finance personnel and leadership in order to help and support one another in the management of fiscal, legal and administrative responsibilities.

The Association has a Board of Directors elected at the Annual General Meeting each year that consists of a minimum of six and a maximum of ten members and an Executive Director.

The Executive Director assists the Board of Directors with the day-to-day operation of the Association.

3g. External Advisors

It will be necessary and wise to take advice from external advisors concerning matters within their field of expertise. However, when taking advice from external advisors, be aware of self-interest. Any financial institution/consultant will naturally promote products which they offer. It is good practice to always get a competitive quote or “second opinion” when entering into any kind of significant financial arrangement. It is also important to request one or two references from a reliable source, before engaging an external advisor of any kind. These references could be from other Institutes, ATRI or individuals well-known and trusted by the Institute.

The following is a list of external advisors most commonly used by Treasurers.

Finance Advisory Committee/Council

This committee serves in an advisory capacity on matters of a financial, legal, or administrative nature. This could include all matters involving the temporal goods of the Institute, but it is up to the Treasurer to decide which issues to present to the Committee for their consideration. Examples of topics for discussion by the Finance Advisory Committee would be possible sale of capital assets, investment policy, selection of financial or investment managers, review of budget to actual results, etc.

The Committee is sometimes chaired by the Treasurer. In some circumstances this may be counter-productive as the Treasurer may have, or may be seen to have, too much control in setting the agenda. Therefore, consideration could be given to appointing someone independent of the Treasurer as the chair of the Committee.

Membership should include members of the Institute along with select trusted professionals with a variety of applicable credentials and experience, e.g., lawyer, chartered accountant, banker, business person, human resource professional, member of other religious congregations, investment professional. Ideally these individuals should be well known by senior members of the Institute and should have some experience in a governance capacity before they are asked to join the Committee.

Members usually serve on a volunteer basis, but if they are called upon to assist in a more significant way for a specific project, then consideration should be given to compensating them for their additional efforts.

Members of the Committee should serve for set terms, for instance, a maximum of two consecutive three year terms. This ensures that members serve long enough to build their knowledge of the Institute, yet not so long as to prevent new people from bringing fresh insights to the organization. Consecutive terms allow members to step down “gracefully” after their first term should they no longer have the time or ability to serve or if the relationship is not working out as expected.

The Committee should have terms of reference which set out committee members’ roles and responsibilities. Potential members should acknowledge these terms before joining the Committee. A sample of these terms of reference is contained in Appendix B.

Regular Finance Advisory Committee meetings should be held at least quarterly, but not more often than monthly, except in exceptional circumstances. Notice of meetings with a proposed agenda should be distributed in advance of each meeting and minutes should be taken. When possible, any materials in support of agenda items should also be sent out in advance of the meetings.

Other Committees

Some Institutes use committees with financial expertise in more specialized financial roles. For instance, they may have an Audit Committee whose role is primarily to oversee the financial and compliance reporting for the Institute. They may also have an Investment Committee whose primary role is to advise the Institute in respect of its investment portfolio, advisors and/or managers. These are really just a variation on the theme of “Finance Committees” and all of the same criteria and operating parameters should apply.

Auditors

As a charitable institution, each Institute must usually have an appointed auditor. In Ontario, the requirement for an audit is prescribed by the Office of the Public Guardian and Trustee. It is based on the Institute’s annual income. In January 2013, Ontario required audits for non-profits with over \$100,000 in annual income.

Further detail regarding the requirement for audits may be found in section 4e. Reference should also be made to the province’s current regulations concerning audits of non-profit corporations.

Even if an audit is not legally required, there may be benefits to the organization in having one in terms of added assurance and/or guidance concerning financial controls. Advice on this issue may be obtained from accounting firms, treasurers of other Institutes and/or the Institute's Finance Committee.

Depending on the sophistication of the Institute's internal accounting and administrative staff, the auditor will be more or less involved in the preparation of the Institute's financial statements and the explanation of its financial results. In any case, the auditor should be used as an advisor as to the effectiveness of internal controls over the temporal goods of the Institute. This is an important discussion to have annually with the auditors. Consideration should be given to having the auditor attend a Finance Committee meeting where internal controls and other aspects of financial management are discussed.

The Institute's auditor is also a useful source of advice concerning HST, payroll tax, T3010's and other compliance matters.

Lawyers

It may be obvious to say that a lawyer should be consulted regarding matters of a legal nature, yet sometimes these matters are not obvious in themselves. Laws governing the administration of charitable organizations change fairly regularly and it is up to the organization to make sure that it keeps up to these changes. These changes may affect the by-laws, how tax receipts are issued, new definitions of prohibited or restricted activities, etc. Also, properly dealing with many human resource issues often requires some extent of legal advice, both in terms of legal compliance and communication with staff.

It is best practice to have a trusted lawyer with non-profit experience on retainer, or otherwise easily accessible, for day-to-day matters related to the operation of the Institute. This lawyer should be instructed to be proactive in informing the Institute about matters which affect its operations. Also, at least annually, the Treasurer and Major Superior/Provincial should arrange to meet with the lawyer to be sure that the Institute is in compliance with all current laws, regulations, etc. and that the lawyer is kept current regarding any new activities or administrative issues at the Institute.

There may be times that the Institute faces a significant legal matter, e.g., lawsuit or the sale of a large property. This matter may call for expertise beyond that of the Institute's regular legal advisor. In cases such as this, do not hesitate to seek more specialized legal advice. Referrals

may be obtained from other religious institutes (possibly via ATRI), members of the Finance Advisory Committee, and possibly the Institute's regular legal counsel.

It should be noted that many large law firms have websites with a number of useful resources for charities to access. They also publish regular newsletters to provide up-to-date information on the latest issues and regulatory changes. An example of such a law firm is Carters Professional Corporation which can be accessed at website www.carters.ca.

Investment Managers/Advisors

If the Institute possesses significant financial assets in excess of what they require on a short-term basis, then one or more professional investment managers/advisors should be retained to invest these assets in accordance with an investment policy which has been drafted with the assistance of the Finance Committee and approved by the Board of Directors/Leadership Team.

An investment manager is usually someone who makes investment decisions about individual securities in accordance with one particular investment strategy. An investment advisor has a broader role. They will assist the Institute in accomplishing its overall investment policy which usually includes a variety of investment strategies. For example, the Institute may have an investment policy which calls for 40% of its investment assets to be invested in equities, while 60% is to be invested in fixed income securities. The financial advisor will provide a view as to the appropriateness of this policy. He or she may also be able to enact this policy by purchasing appropriate securities in the investment account on his/her own. But, if the assets which the Institute has to invest are in excess of \$1.5 to \$2 million, then the advisor will likely recommend two or more investment managers who specialize in various types of equity or fixed income investment strategies. The important thing to remember is to hire trustworthy, reputable investment professionals who come recommended by other religious congregations (via ATRI), members of the Finance Committee, the Institute's banker, or other trusted advisor.

Another important factor in selecting a financial advisor/manager is ensuring their respect for any ethical restrictions which the Institute wishes to place on its investment activities.

The ongoing performance of financial advisors/managers should be monitored and changes made as warranted by current market conditions, changes in investment policy or chronic underperformance.

Banker

Money transfers, bill payments and general cash management are facilitated by the use of a single bank for all or most of the Institute's banking needs. If the Institute is not satisfied with the service which it is receiving from its bank, or if it is dealing with too many banks and would like to select just one, then again, it should seek recommendations from others, or ask to meet with a "non-profit" specialist at one or more of the banks. The purpose of the meeting is to discuss the unique needs of religious institutes and to assess the bank's ability and flexibility in meeting those needs.

It is highly desirable to identify a person at the bank of choice who will manage the relationship should a special need arise. Banks are known for moving people around, particularly in large cities. Consequently, there may be several changes in the "relationship manager" assigned to the account. Try to make a point of meeting with each new manager so that they know who the Institute representatives are before there is need to call them with a special request.

It is also important to monitor bank fees on an ongoing basis. A meeting with the Institute's banker should be scheduled annually to go over the fees being charged and the quality of service being provided. Banks are routinely introducing new products/accounts. The Treasurer should ensure that the Institute is getting the best banking products at the best prices possible. It may be desirable to ask periodically for proposals from competing banks to ensure that this is accomplished.

Other Advisors

Depending on the circumstances of each Institute, the Institute may, from time to time, require the advice or services of other professionals such as actuaries or valuers. Actuaries can assist an Institute with assessing the demographics of its members which is useful for long range planning of financial, staffing and housing needs. Valuers may be hired to assess the value of buildings or other significant assets of the Institute.

3h. Expectations in all Above Relationships

Respect for Mission and Values

The work and decisions should support the mission of the Institute and reflect its underlying values. The Leadership Team should establish hiring and selection processes to ensure that staff

and consultants are a good fit with the mission and values. It is important that lay collaborators and staff have an orientation to the Institute at the commencement of employment.

Confidentiality

The Institute should have a policy on confidentiality and privacy which is communicated to and understood by everyone including members, staff, external advisors, associates and volunteers. Everyone except the members should sign a confidentiality agreement at the commencement of working with the Institute. See an example of a confidentiality policy in Appendix C.

Respect for Decision-Making Processes

The Leadership Team is accountable for the temporal affairs of the Institute. This accountability cannot be delegated. The role of staff and external advisors is to provide expert advice, to educate members of the Leadership Team on corporate issues and to assist the Leadership Team in decision-making.

Contribution to Dialogue and Decision-Making re Finances

It is important that the corporate memory be passed on to new Leadership Teams to aid in decision-making. Staff and advisors who have been involved with the congregation over time can bring context and background to issues to ensure good decision-making. Staff should be asked to prepare and periodically update a transition binder for new Leadership Teams which could include summary information as follows:

- Organization chart
- Key reporting and other deadlines
- Long term contracts and commitments
- Long term financial plan
- Legal claims
- Objects and by-law requirements for related organizations
- Maintenance of charitable status for tax purposes
- Financial and other corporate issues

Observation and Analysis of Trends

Finance office personnel assist the Leadership Team by providing ongoing information concerning the financial affairs of the Institute including annual budgets, periodic and annual financial statements, short and long term projections, recommendations and advice. In addition, finance office personnel and external advisors alert the Leadership Team to changes

in laws and regulations and provide the Leadership Team with an analysis of the impact of such changes on the Institute.

4. IMPLICATIONS OF CIVIL LAW

4a. Incorporation

Canada Business Network provides information on Registering the Business at all levels of government and includes links to federal, provincial and territorial government sites:

<http://canadabusiness.ca/eng/page/2730/#toc- provincial and territorial business registration>

The following information covers federally incorporated not-for-profit corporations, but most of the definitions and requirements are similar to provincially incorporated not-for-profits. For further details, see the province's regulations at the websites cited above.

Corporate Records

A corporation is required to keep certain records at its registered office or at some other location in Canada chosen by the Board of Directors. These records must include the following:

- All articles of the corporation, (e.g., Articles of Incorporation, Articles of Continuance, Articles of Amalgamation); by-laws and their amendments; and unanimous agreements by members
- Minutes of meetings of members and committees of members
- Resolutions of members and committees of members
- If any debt obligations are issued by the Institute, a debt obligations register showing: the name and residential or business address of each debt obligation holder; an e-mail address, if the debt obligation holder has consented to receiving information or documents electronically; the date on which each person named in the register became a debt obligation holder; the date on which each person named in the register ceased to be a debt obligation holder; and the principal amount of each of the outstanding debt obligations of each debt obligation holder
- A directors' register showing: the name and residential address of each director; an e-mail address, if the director has consented to receiving information or documents electronically; the date on which each person named in the register became a director; and the date on which each person named in the register ceased to be a director
- An officers' register showing: the name and residential address of each officer; an e-mail address, if the officer has consented to receiving information or documents electronically; the date on which each person named in the register became an officer; and the date on which each person named in the register ceased to be an officer

- A members' register showing: the name and residential or business address of each member; an e-mail address, if the member has consented to receiving information or documents electronically; the date on which each person named in the register became a member; the date on which each person named in the register ceased to be a member; and the class or group of membership of each member, if any.

In addition, the Institute must prepare and maintain minutes of meetings and resolutions adopted by the directors and committees of directors.

The records described above, together with the Institute's Accounting Records, must be open to inspection by the directors at all reasonable times. In addition, following a request from a director, the Institute must provide the director with any extract of the records free of charge.

Upon request, a member, a member's personal representative, and a creditor (e.g., a landlord or supplier) may examine the corporate records referred to above and, on payment of a reasonable fee, obtain copies of such records during the Institute's usual business hours.

Also upon request, a member is entitled to receive, free of charge, one copy of the articles and by-laws, as well as amendments to these documents and any unanimous agreements by members. If a member wishes to examine an Institute's register of its members, or the debt obligations register that lists debt obligation holders, or to obtain a list of members or debt obligation holders, additional requirements must be met.

4b. Incorporation Documents

Letters Patent

Letters Patent are a type of legal instrument in the form of a published written order issued by a monarch or head of state, generally granting an office, right, monopoly, title, or status to a person or corporation. Letters patent can be used for the creation of corporations or government offices, or for the granting of city status or a coat of arms. Most not-for-profit corporate statutes state that the corporation has the "power of a natural person," meaning the corporation can do anything a real person can do in order to achieve its objects.

Supplementary Letters Patent to Amend Provisions of Letters Patent

Supplementary Letters Patent amend the provisions in the Letters Patent of a not-for-profit corporation under Part II of the *Canada Corporations Act* through the issuance of

Supplementary Letters Patent. For more information, see <http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs03442.html>.

Articles

The Institute's articles set out basic information about the not-for-profit corporation which is then made available to the public through the Corporations Canada website. The articles must be amended if there any changes to the following:

- The corporation's name
- The province or territory in which the registered office is located
- The fixed, minimum or maximum number of directors
- The classes, or regional or other groups, of members
- The restrictions on the activities the not-for-profit corporation may carry on
- The statement of the purpose of the not-for-profit corporation
- The statement regarding the distribution of property remaining on liquidation
- Any other provision included in the articles.

By-Laws

By-laws are an extremely important legal document of any organization, whether it is a corporation, association, or partnership. By-laws outline in writing the day-to-day rules for the Institute and provide comprehensive guidelines to keep things running smoothly. If anyone wanted to see how the Institute is organized or the exact duties the organization expects from its Board of Directors, the best approach would be to look at a copy of the by-laws.

By-laws outline the structure of an organization and should be customized for each situation. By-laws establish and protect the rights, and specify the duties and responsibilities of an organization's members, Board of Directors, executive committee, and others. They determine how those in charge are appointed or elected and they help settle any disputes among parties. Finally, by-laws must be formally adopted and amended as necessary.

4c. Objects as Included in Letter Patent ("Corporate Objects")

Corporate objects are also known as "purposes" of a corporation under the *Canada Not-for-profit Corporations Act* ("CNCA"), *Society Act* (B.C.) and *Non-Profit Corporations Act* (Saskatchewan).

The objects describe what the organization is set up to do. They are set out in an organization's incorporating documents (which must be filed with and generally approved by the appropriate government corporate registry office in order to create the corporation). See the following website for more information:

http://www.carters.ca/pub/seminar/charity/2012/tscbb0925_files/frame.htm.

4d. Annual Filing

An annual return must be filed every year. Please note that this is not the income tax return. This is the corporate Annual Return, and it provides up-to-date information about the not-for-profit corporation. This information is then made available to the public through the Corporations Canada website. Members of the public, financial institutions and many other interested parties rely on this information. An Annual Return must be filed every year.

The directors of the not-for-profit corporation have the power and the duty to manage the activities of the Institute. As a result, interested members of the public have a right to know who the current directors are and where they can be reached. Any changes regarding directors must be reported. These changes include:

- The election or appointment of a new director
- The resignation or removal of a director
- Any change in the address of a current director.

The registered office address is the official address for communicating with the Institute. Many people rely on this address. Corporations Canada also uses this address to send a reminder for the filing of the Annual Returns. A change of registered office address is only effective once it has been accepted by Corporations Canada.

4e. Registered Charity

Registration Number

The registration number is obtained from Canada Revenue Agency.

Registration has many advantages. It allows a charity to issue official donation receipts for gifts it receives; other registered charities are able to provide funding for its programs; charities are exempt from paying income tax under Part I of the Income Tax Act; and the charitable rebate is available to registered charities for a portion of the Goods and Services Tax (GST) and the Harmonized Sales Tax (HST) it paid or owed on purchases.

Recommended reading is the information at www.cra-arc.gc.ca/charityapplication. This information includes: advantages of registration; consequences of voluntarily ending registration; definition of a registered charity versus a non-profit organization, and the requirements of each under the Income Tax Act; factors that will prevent an organization from being registered as a charity; and registration requirements for registered national arts service organizations and registered Canadian amateur athletic associations.

The Canada Revenue Agency has produced a guide “Registering a Charity for Income Tax Purposes” (T4063 (E) Rev. 12). This guide explains the Charities Directorate’s role, and shows how to complete Form T2050, “Application to Register a Charity under the Income Tax Act.”

When a religious organization becomes incorporated, if any ecclesiastical rule (canon, church laws or regulations) is in conflict with the incorporating law, the religious organization must comply with the incorporating law in administering its affairs.

Annual Filing of T3010

Excellent resources for assistance with completing the T3010 are as follows:

- Canadian Council of Christian Charities – Charities Handbook
- Imagine Canada – T3010 Quick Prep (requires free membership)
- Canada Revenue Agency – T4033 (13) Completing the Registered Charity Information Return

Under the Income Tax Act, every registered charity must file a T3010 (13) “Registered Charity Information Return” each year. The form and related documents must be filed no later than six months after the end of the charity’s fiscal period. See the Canada Revenue Agency guide “Completing the Registered Charity Information Return” (T4033 (E) Rev 02/13) for an explanation of the required information.

Revocation for failure to file is the penalty invoked when a charity’s registration is cancelled because it failed to file Form T3010 on time. Failure to file is the most common reason for revocation. This is a serious consequence. If a charity’s registration is revoked: it is no longer exempt from tax; it cannot issue donation receipts; and it must transfer its property to an eligible donee or be subject to a revocation tax equivalent to the full value of its remaining assets (under Part V of the Income Tax Act).

If registration is revoked, the charity may re-apply for a charitable number and pay a penalty of \$500. The Canada Revenue Agency (CRA) might not accept the original charitable objects and refuse the application for re-registration. A revoked charity that applies for re-registration is still liable for the revocation tax unless: it is re-registered within one year from the date CRA

sent the notice of intention to revoke registration; and it has paid all taxes, penalties, and interest owing; and it has filed all missing information returns and financial statements before the re-registration date.

Financial Review

There is an excellent article regarding requirements related to financial reviews and audits under the CNCA and the Ontario Not-for-profit Corporations Act (“ONCA”), published by Carters Professional Corporation, and found at the following website:

www.carters.ca/pub/article/charity/2012/tsc0607.pdf.

An **audit engagement** is performed by a qualified public accountant. It is the verification of the financial statements, with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance (not absolute assurance) that the financial statements are presented fairly, in all material respects. The purpose of an audit is to provide an objective independent examination of the financial statements, which increases the value and credibility of the financial statements produced by management.

A **review engagement** is performed by an independent accountant for the purpose of determining the plausibility of the information reported on. When an audit is not required or the appointment of an auditor has been waived, financial statements may be prepared on a review basis. Reviews provide limited assurance that the financial information conforms to generally accepted accounting principles.

The objective of a **compilation engagement** is to compile unaudited financial information into financial statements, schedules or reports based on information supplied by management. This type of engagement provides no assurance on the reliability of the compiled information. To warn readers of the lack of assurance, a Notice to Reader is attached that states that no review was performed and that the information may not be appropriate for use by the reader.

Under the CNCA, corporations are categorized as either soliciting or non-soliciting. If a corporation receives more than \$10,000 in gross annual revenue, directly or indirectly, from public sources (donations, gifts, grants), it is a soliciting corporation. Otherwise, it is a non-soliciting corporation.

All soliciting and non-soliciting corporations are further divided into designated and non-designated corporations.

Refer to Appendix D for a table summarizing the categories and financial statement review requirements under the CNCA.

Under ONCA, there are two categories of corporations: public benefit corporations and non-public benefit corporations. Public benefit corporations are broken down further into charitable and non-charitable corporations. Refer to the following website for more information: www.sse.gov.on.ca/mcs/en/Pages/onca1.aspx.

A public benefit corporation is a charitable or a non-charitable corporation that receives more than \$10,000 during a financial year in donations or gifts from outside sources or grants or similar assistance from a government agency. All others are non-public benefit corporations.

Refer to Appendix D for a chart outlining the type of financial review required for each type of corporation under the ONCA.

Sharing Our Resources

- *Disbursement quota, qualified donees, etc.*

A registered charity is required to spend an amount each year on its own charitable activities, or on gifts to qualified donees. This is called the “disbursement quota.” The disbursement quota calculation is based on the value of a charity’s property not used for charitable activities or administration. See examples on Canada Revenue Agency’s website under Charities and Giving /Charities /Operating /Spending Requirement:

www.cra-arc.gc.ca/chrts-gvng/chrts/prtnng/spndng/clclb-eng.html

Canadian registered charities may disburse up to fifty per cent of their income each year to qualified donees which include:

- Registered Canadian charities
- Registered Canadian amateur athletic associations
- Housing corporations in Canada organized to provide low-cost housing for the aged
- Canadian municipalities
- Municipal or public bodies performing government functions in Canada
- The United Nations or an agency of the United Nations
- Prescribed universities outside Canada who ordinarily enroll students from Canada
- Charitable organizations outside Canada to which Her Majesty in Right of Canada has made a gift in the previous twelve months
- Her Majesty in Right of Canada or a province.

If a Canadian registered charity transfers funds to a non-qualified donee, it will be subject to a fine, and it may have its receipting privileges suspended, or its registered charity status revoked. Registered charities exist to carry out their own charitable purposes as outlined in their incorporating documents.

- *Contracts for donations outside Canada*

When it is not possible for a charity to carry out its own activities through staff or volunteers, an intermediary may be used. Resources handled by intermediaries must be used only for the intended charitable purpose, and the charity must be able to demonstrate that it has direction and control over its resources.

Direction and control is exercised by having a written agreement between the charity and the intermediary outlining a clear and detailed description of the activity; defined goals, time lines and beneficiaries; a budget; monitoring and supervision by the charity; and periodic transfer of resources based on performance.

Intermediaries are non-qualified donees.

There are four common types of intermediaries:

- Agents – Agency agreements require that the charity have adequate direction and control; segregation of funds; and separate books and records.
- Joint Ventures – This type of agreement requires that the charity and the intermediary pool resources to carry out the activity. The charity requires decision-making authority.
- Co-operative partnerships – In this type of partnership, charities and non-qualified donees work together to complete activities. Resources are not pooled, and each partner assumes responsibility for a specific portion of the project or activity.
- Contractors – Contractors are hired to accomplish specific projects. The charity oversees the work of the contractor to ensure compliance with the terms of the agreement.

Before an Institute sends funds outside Canada or enters into any type of arrangement with parties outside Canada, the Leadership Team should seek legal advice to ensure that it is in compliance with all relevant Canadian legal requirements.

- Non-registered charities

A registered charity cannot donate resources to a non-registered charity (non-profit) organization. It may enter into an agreement as outlined above for a specific purpose.

If it is desirable to make a donation from a registered charity for a specific purpose, i.e. disaster relief, funds must be sent to another Canadian registered charity who works in that area as part of their charitable activities.

For more information, access any of the following websites:

- Charities Carters – www.charitylaw.ca
- Miller Thomson – www.millerthomson.com
- Canadian Council of Christian Churches – www.cccc.org
- *Charities Handbook* is also a valuable resource. Members can access the handbook online. Bulletins are produced on various topics throughout the year.
- *Canada Revenue Agency/Charities and Giving/Information for Registered Charities* found at www.cra-arc.gc.ca/chrts-gvng/menu-eng.html provides information on applying for registration, educational resources for charities, operating a registered charity, and policies and guidance.
- *Imagine Canada – Charity Tax Tools* at <http://charitytax.imaginecanada.ca> contains information about the basic legal requirements for all Canadian charities registered with CRA. *Imagine Canada* receives financial support from CRA. The site also contains pre-recorded webinars.

4f. Charitable Trusts

Drache Aptowitz LLP has prepared the following article entitled “Trusts as an Organizational Option” which can be found at website:

<http://www.drache.ca/articles/charities/trusts-as-an-organizational-option>.

In this article, the author point out that “the use of trusts has many attractions which corporations do not share.” These include:

- Privacy, since there is no corporate record
- Flexibility, since the trust need not follow the corporate rules and the settlor (the person who creates it) can allow the trustees to set their own operational rules
- The ability to allow trustees explicitly to act at their discretion within broad guidelines also offers maximum flexibility

- There is no need for "members" and directors, since the people who operate the trust are simply the trustees. This in turn eliminates extra meetings, minutes and resolutions
- The trust deed itself can be amended simply by following the rules in the document, whatever they might be
- The trustees can serve indefinitely and there are no statutory limits
- The Trustees, if the document so provides, can replace themselves, add new blood or maintain the *status quo*
- The creation of a trust is cheaper as there is no need to reserve a corporate name or pay filing fees; there are no annual corporate filings required either; and in terms of turn-around time, the full trust can usually be created, signed, sealed and delivered in a day or so without government bureaucrats having any say.

There are two major reasons why trusts are not used more often:

1. unlike the directors of a charitable or non-profit corporation, the trustees have personal liability for the debts of the trust, and
2. with a charity which is "public," it may be attractive to have much more transparency, to have a wide membership and to have regular elections for the board.

It is possible to use a corporation as the trustee of a charity. In the case where there is just a single corporate trustee, CRA takes the position that the charitable trust will automatically be classified as a private foundation "which may or may not be a problem, depending upon the facts."

4 g. Charitable Foundations

There are two types of foundations: private and public. Both are charities registered by the Canada Revenue Agency (CRA).

A private foundation is controlled by a single donor or family through a board that is made up of a majority (more than 50%) of directors at non-arm's length. A private foundation is not allowed to engage in any business activity, but it can operate its own charitable program and/or it can fund other qualified donees.

A public foundation is governed by a board that is made up of a majority of directors at arm's length. It generally receives its funding from a variety of arm's length donors and gives more than 50% of its income annually to other qualified donees, but it may carry out some of its own charitable activities.

The following website provides a link to CRA, giving the types of registered charities (designations): <http://www.cra-arc.gc.ca/chrts-gvng/chrts/pplyng/trcd-eng.html>.

Note that the Income Tax Act does not contain any precise definition of the term “arm’s length.” Section 251, which is the statutory provision for determining arm’s length relationships, refers to three categories of persons: related persons, personal trusts and their beneficiaries, and persons not related to each other. See IT-419R2 (Interpretation Bulletin “Income Tax Act Meaning of Arm’s Length”).

5. FINANCIAL PLANNING GOALS: CARE OF THE MEMBERS AND ADVANCEMENT OF THE MISSION

This section contains practical guidance regarding financial and administrative matters which are undertaken with the two goals which are universal to all Institutes, i.e., care of the Institute’s members and advancement of the Institute’s mission.

5a. Long Range Planning

The process of financial planning is designed to forecast future financial results and determine how best to use the organization’s financial resources in pursuit of the organization’s short- and long-range objectives. Because planning involves looking well into the future, it is a highly creative thinking process as well as an analytical one.

Organizations that make a concerted effort at financial planning improve their operations at a more accelerated pace than organizations that have an inefficient planning process. Financial planning provides the numerical logic for decision making. It shows where the organization should concentrate its resources for maximum effectiveness in building or sustaining revenues and managing costs. Efficient financial management allows more funds to be available for expanding programs and program development.

Strategic planning determines the course of action the organization will take: the tasks scheduled to be accomplished, as well as who is responsible for their timely completion. Financial planning takes the actions described in the strategic plan and converts them into dollars. The financial plan shows the revenues projected to result from the implementation of the strategies and the expenses required in completing the action steps. Leadership Team members are heavily involved in the strategic planning process. Their efforts must be coordinated with those of the financial staff in charge of preparing the financial plan.

The accuracy of the financial plan depends on the quality of information used in the assumptions for the financial models. Creating realistic assumptions for key variables is critical. Leadership Teams are encouraged to engage consultants such as actuaries, accountants, economic advisors to assist with this planning. TRENDS software, available through ATRI, can be a useful tool to assist with long range financial planning. It is specifically designed to meet the needs of religious institutes.

5b. Oversight of Budgets

The budget is an important planning tool. It puts operational plans into a common financial language, and permits them to be looked at together so they can be aligned with one another as well as with the Institute's objectives. Developing a budget before the fiscal year begins also provides advance warning of financial needs so that financing can be obtained or appropriate operating changes made.

The budget provides a benchmark. Comparing actual results to budget ensures that significant departures from plan will trigger a review so that corrective action can be taken.

A *budget* is the approved estimate of financial results. Once approved it does not change, but provides a plan against which actual results may be evaluated. A *forecast* is a current "best guess" as to what actual results will be. (Note that a *projection* is a calculation of estimated results based upon specified assumptions. The assumptions may or may not constitute a "best guess," that is, a forecast.)

A budget normally applies for the fiscal year. During the year, updated forecasts should be prepared, on a rolling basis, to provide up-to-date best estimates as to the most likely results for the organization.

The budget process should include a cash flow forecast that takes into account:

- Net income for the year, based upon the budget
- Capital expenditures – this will include the proposed capital expenditure program
- Financing expected/required.

Note that the budget process is iterative and usually involves multiple cycles during its preparation as changes are made in an attempt to produce the desired results. Once the budget is approved it becomes a fixed plan, and updates to it are referred to as forecasts.

The budget can also be the basis for testing "what-if" scenarios, in order to evaluate the effect

of contingencies or opportunities. In many cases, this analysis should form part of the budget package.

Once the budget is approved, the organization uses it during the year to compare actual results to planned results.

Appendix E contains several excerpts from an Administration Manual which may be helpful in preparing the budget and monitoring actual results compared to budget.

5c. Understanding Financial Statements

Institutes need to prepare financial statements for a variety of reasons. These include:

- Reporting to funders
- Providing accountability to the Institute at large
- Providing financial information on the operations of the entire organization
- Providing financial information to the specific local houses of the Institute
- Assessing how management has discharged its stewardship responsibilities
- Meeting the requirements under which the organization is incorporated
- Evaluating performance.

Financial statements tell the reader about the financial picture of the organization by identifying the revenues and expenditures, the assets, liabilities and net assets of the organization. They also assist in determining whether the organization is on track with its financial and strategic plans. These plans should be identified in the yearly budget. By comparing actual figures with the budgeted figures, an organization can determine how it is doing and whether it needs to re-evaluate and modify its plans.

Resources:

A useful resource for understanding financial statements is *A Guide to Financial Statements of Not-For-Profit Organizations*. This website provides a great deal of useful information including an explanation of fund accounting and a glossary of financial terms. It can be found at: <http://www.cica.ca/focus-on-practice-areas/governance-strategy-and-risk/not-for-profit-director-series/npo-briefings/item65428.pdf>

5d. Contracts

The term “contract” means any agreement, written or oral, that creates an obligation, right or liability. An agreement may be a binding contract even though one party provides something of

value to the other party at no charge. Examples of contracts include agreements for purchase, lease, or rental of goods or services.

Contracts should be reviewed by the person initiating the contract and by the signing authority. The signing authority should determine if a legal review is required.

The authority to sign and execute contracts is determined by the Leadership Team and should be formalized in a policy. Signing authority may be delegated for limited amounts and terms (e.g., less than one year for less than \$1,000).

Contracts over the financial amount established by the Canadian Conference of Catholic Bishops may be subject to Vatican approval.

5e. Investment Management

If the Institute has financial assets in excess of the amount needed to meet its current day-to-day needs, including financial assets held in a separate Foundation, then the Canonical Treasurer has the responsibility to invest this excess prudently with a view to earning a reasonable return.

In order to do this effectively, a Treasurer must understand what the Institute has in the way of financial assets and how it is invested. Equally important is to understand the Institute's financial needs over the short and longer term.

In order to determine the financial needs of the Institute, assistance will likely be needed from internal or external financial professionals who can assist with putting the numbers together in a concise and understandable fashion. But the Institute's leadership has the primary responsibility for making the decisions upon which these financial needs should be based. Refer also to sections 5a and 5b regarding long range planning and budgets.

For instance, over the short term, i.e., up to twelve months, financial needs are represented by the annual budgets approved by the leadership. Longer term needs must be based on the strategic direction(s) set by leadership, even if that direction is to stay the course, with no significant changes to ministries, properties, etc. Leadership may wish to consider a possible change in its direction and, as part of its deliberations, require an analysis of the financial implications. Financial professionals can assist with this analysis, but the Institute leadership must be the party making the decisions.

It is critical for the Treasurer to ensure effective and comprehensive communication of the budgets, strategic directions and other relevant leadership decisions to the financial professionals so that the financial projections and analyses which they produce are accurate and meaningful. Almost any financial analysis requires certain assumptions to be made. The Treasurer should discuss these assumptions with the financial professionals to ensure mutual understanding and agreement is reached. It is especially important for the Treasurer to gain an understanding of the impact on the financial results of each of the assumptions made.

It should be noted that ATRI offers the TRENDS software to assist religious congregations with their long term financial and “care of membership” planning. This software has been designed specifically for the way congregations are usually organized and managed. For more information, please refer to the ATRI website (www.atri.on.ca) or contact ATRI’s executive director.

Investing “Excess” Assets

Once the Institute’s financial needs have been assessed, decisions can be made as to the best way to invest any excess financial assets. A Treasurer must know how long funds are available for investment in order to make the most prudent decisions regarding how to invest. Any funds which will be needed over the next twelve months are best kept in very secure and easily cashable investments or bank accounts. An example would be investment savings accounts which offer a very low rate of interest, but allow access to cash on very short notice.

Funds which are available for investment over a longer period should be invested in accordance with the Institute’s investment policy. Appendix F contains a sample investment policy. The policy should be drafted with advice from the Institute’s Finance Committee/Council (see section 3g, “External Advisors”) or other trusted and independent financial advisor(s) and should be approved by the Institute’s leadership. The policy should address the kind of investments which are allowed and the requirements for asset mix (typically the split between stocks and bonds), diversification, “quality,” geographical distribution, ethical screens, etc. It should also describe the performance criteria by which investment manager(s) will be measured. The policy should be reviewed annually to ensure that it continues to meet the Institute’s needs.

Both the projection of funds available for investment over a longer period and the investment policy should be discussed with the investment adviser/manager (see section 3g, “External Advisors”). They can recommend investments which fit the needs and comply with the policy. They should also provide reports, at least quarterly, indicating the performance of the portfolio

compared to relevant benchmarks such as the performance of the Canadian stock market index (“TSX”) or a commonly used bond index (“DEX”). It is wise to meet with the manager(s) once or twice a year to go over the portfolio and to discuss the manager’s performance. These meetings will also provide the opportunity to advise the manager(s) of possible future changes in the amount of cash expected to be available for investment or any changes in the investment policy which are being considering. The Finance Committee/Council and/or internal financial advisor may be included in these meetings with the investment managers.

If the Institute has a substantial investment portfolio and especially if it has employed multiple investment managers, it may be useful to obtain a more independent assessment of their performance. There are firms which specialize in comparing the managers’ performance to that of a large “universe” of other managers. These firms can also warn of staff or ownership changes at the managers’ firms. These changes often have an impact on their performance. If there is an investment advisor in addition to investment managers, then the advisor may fulfill this role. But because the advisor usually assists in the selection of investment managers, he/she does not have the same independence as a firm which specializes in this kind of work. See section 3g for a description of the roles of investment advisor versus manager.

The world of investment management is fraught with jargon, acronyms and ever-increasing complexity. Over time, familiarity with the terminology results in a higher level of comfort in understanding and using it. Do not hesitate to ask the investment advisor/manager to explain in plain language what he/she is talking about. There may be times when the investment advisor/manager may propose investment products which are “new” or complex, often referred to as “structured products.” Unless the advisor can explain these products in a way which addresses all of the questions and concerns, then it is probably best not to invest in them.

Socially Responsible Investing

Socially responsible investment (SRI) refers to investment in companies based upon social, environmental, and corporate governance considerations. There are two main approaches. An investor may choose not to own shares or corporate debt instruments of companies which profit from instruments of war, as an example. Alternatively, or in addition, an investor may undertake shareholder “engagement” activities, usually through an organization or fund manager who specializes in such activities. An example of this would be including shares in a Canadian oil producer in the investment portfolio and using the shareholder votes attached to those shares to lobby the company to be more environmentally responsible.

The Institute's investment policy should address SRI considerations. There are many "ethical" fund managers and other investment professionals who can assist with understanding and implementing SRI. It may be useful to refer to the following websites:

- <http://www.jesuit.org/worldwide/social-justice/issues>
- <http://www.share.ca>
- <http://www.sustainalytics.com>
- <http://unpri.org>

5f. Insurance

Insurance is a form of risk management primarily used to hedge against the risk of a contingent, or otherwise uncertain loss. The Leadership Team should ensure that the Institute's members and assets are protected from accident or loss by purchasing adequate insurance coverage.

The main categories of insurance are: property, including automobiles, and general liability. It may be necessary to carry professional liability insurance for ministries such as counseling, health care, etc. For construction projects, the Institute should ensure that it is named as additional insured on the contractor's policy.

The members and staff should be advised of the instructions for reporting accidents or losses to the insurance company.

Insurance policies for general and professional liability should be retained and not destroyed.

5g. Property

Deeds/Ownership

All personnel who are involved in the administration of the Institute's property must exercise due care that:

- The Institute's rights of ownership are adequately maintained and not jeopardized
- Appropriate legal opinions and advice are sought where any transaction may affect the Institute's ownership of the property
- The real value of the property is preserved through adequate maintenance
- The property is adequately insured
- They have an awareness of the factors which may be causing the value of the property to increase or depreciate and especially of factors which may be threatening the Institute's unencumbered use of the property.

The legal documents showing ownership of property will be kept in a secure place inside a fire-proof safe in accordance with policies governing the Institute's archives. Both the Major Superior/Provincial and the Canonical Treasurer shall be familiar with the location of these documents and how to access them.

The Treasurer shall ensure that a capital asset ledger is maintained to track all property owned by the Institute. In addition to information concerning original cost and depreciated carrying value, this ledger will include the whereabouts of all legal documents relating to the properties, any information regarding rights of way, responsibility for boundaries, buildings that have been listed for historical reasons and legal requirements, etc. Be wary of allowing others to use any part of the Institute's property for a prolonged period of time. This may result in "squatter's rights." For instance, allowing a neighbour to place their fence on the Institute's property may result in the neighbour's having claim to that part of the property after a certain number of years.

Acquisitions of Property

Before purchasing, building, leasing or renovating a property, consideration must be given to the size, location and cost of the property in relationship to:

- Simple lifestyle
- Life giving community
- Support for ministry
- Properties already in the ownership of the Institute
- The long term realisable value of the property
- The financial state and strategic plan of the Institute

A structural surveyor's assessment is to be carried out before purchase and a written report obtained. If any significant problem arises or is already known, it should be resolved before the property is purchased.

It is advisable to arrange for an appraisal of the property to ensure that the price paid is reasonable.

Before a final decision is made any extra outlay which may be deemed necessary or advisable needs to be included in the total costs submitted for approval to the Institute's leadership.

A separate budget for furnishings also needs to be considered.

Once permission has been obtained from the Leadership Team in Canada, and the Generalate where applicable, then the legal procedures within Canada and the applicable province must be followed. Assistance should be sought from competent legal counsel.

Leasing/Renting a Property

The leasing/renting of any property owned by the Institute can be entered into only by the Leadership Team with the permission of the Generalate (where applicable). In the case of certain long-term leases, the permission of the Holy See is also required.

The Leadership Team should ensure that the tenant plans to use the property for purposes which do not conflict with the mission or values of the Institute.

The document which sets out the terms of the agreement should be reviewed by a lawyer to minimise the risks of future problems and to obtain satisfactory references for a prospective tenant from a former landlord, employer, bank etc.

The lease/other named agreement will include the following:

- A clear description of the property being leased
- The rent payable and duration of the agreement
- Provision for review of the rent in the case of long term leases
- Option to renew or surrender the lease after a certain number of years
- Statement saying whether sub-letting is permitted and, if so, the conditions
- Provision for which party is responsible for maintenance
- Provision for which party is responsible for insurance
- Responsibility for all other costs relating to the property
- Requirement for the tenant to confirm in writing on an annual basis that the property continues to be used for the purposes originally approved by the Institute
- Consideration should be given to requiring the tenant to allow representatives of the Institute to visit the premises without notice

In terms of insurance, the lease may provide for the Institute or the tenant to be responsible for insurance on the building, contents, etc. At a minimum, the tenant should be required to arrange for tenant's liability insurance. The Institute should be named as an "additional insured" on any insurance taken out by the tenant. Also, the lease agreement should require the tenant to provide the Institute with a copy of the insurance policy annually, so that the Institute may confirm that adequate insurance has been purchased and that it has been named as an additional insured party.

Before granting a request for the short-term use of part of a building owned by the Institute by an outside individual or group the local superior, director or coordinator needs to notify and discuss the legal, insurance, and any ethical implications with the Major Superior/Provincial. The provision of accommodation in a house of the Institute is subject to similar procedures.

Disposition/Alienation

Alienation includes the transfer of property from the ownership of the Institute to another by means of gift, sale, leasing or renting for long periods. When the process of possible alienation is initiated by the Leadership Team, in consultation with the Generalate (where applicable), the following questions need to be addressed:

- Is the property surplus to ministry/community requirements?
- What is the capacity and present occupancy of the property?
- Is the property used for ministry purposes?
- Are the title deeds in order?
- Is the property or any part leased to a third party?
- What are the maintenance costs (over a period of time)?
- What are the running costs?
- What is the current condition of the property?
- What is the age of the property
- Is this property a listed or unlisted as an historic building?
- Were there any extensions to the property and, if so, are the relevant legal documents available?
- Are there other buildings attached to or located on the land which is part of the overall property?
- What is the amount of land around property, i.e. excess?
- How is the land zoned?
- Should the property be sold as one or divided into sections?
- Are you aware of future developments in the area?
- What is the suitability of the property for adaptation for outside use?
- Are there any rights of way through the land?
- Has there been any outside interest expressed in the property to date?
- What will be the effect on the strategic plan for ministry and accommodation needs in the Institute?
- Has any professional advice been sought and received?
- What is the written expert valuation of the property to be alienated (normally the sale price should not be lower than the valuation)?

- What are the proposals for the use of the proceeds of sale?
- Are there any local laws which may govern this alienation?
- What is the view of the local Bishop? The Bishop's opinion is required when the alienation is of a high enough value that permission must be obtained from the Holy See. See the following paragraph,

Within the Institute, the final decision to alienate property is made by the Leadership Team in accordance with the Institute's constitution. If the value of the property is greater than the limit for alienations established by the local episcopal conferences, the permission of the Holy See must be obtained.

Note that compliance with any restrictive covenants included in an agreement of sale should be monitored by the Major Superior/Provincial or Treasurer. For instance, there may be a covenant governing the future use of the property by the purchaser or there may be a prohibition on the purchaser reselling the property within a certain period of time.

Maintenance

The Major Superior/Provincial and Treasurer must be informed of all matters which affect the land and buildings of the Institute and of any other factors which are likely to jeopardize the Institute's holding of it.

It is the responsibility of the local superior, director or coordinator or the manager to keep informed of any developments in the area which may affect the value of the property held by the Institute and to communicate this information to the Major Superior and the Treasurer.

The same applies to ongoing maintenance. The local superior or manager is responsible for ensuring that properties are well maintained. They should include in their budgets all costs needed to keep the property clean, safe and in good repair. Applicable staff or outside contractors must be properly supervised to ensure that all maintenance is performed in a thorough and conscientious manner.

It is advisable for the Leadership Team to put in place a policy which requires at least two written estimates for all expenditures for repairs, maintenance or renovation to properties with an expected cost in excess of a stipulated dollar limit, e.g., \$3,000. The estimates should be requested in order to check on the quality of service provided, ethical behaviour, timeliness, etc. "Winning" estimates should be selected on the basis of expected quality and service as well as price. In cases where a good or service has been provided by an established supplier, i.e., someone who has provided it well and at a fair price in the past, then competing estimates may not be required. Instead a written quote should be obtained from the established supplier

before work begins. As long as the quote is reasonable, then the supplier may be hired to provide the good or service on the quoted terms. The same is true for very specialized work where it is difficult to find more than one supplier with the necessary experience. In this case, where the qualified supplier has been referred by at least one trusted source, the supplier may be hired, provided their quote is reasonable in the circumstances.

The Leadership Team should also develop a policy which requires a written contract for expenditures in excess of a stipulated dollar amount, e.g., \$5,000. The contract must be specific as to work to be undertaken or goods to be provided, timing, all-in cost and terms of payment. The contract should confirm that the contractor has proper insurance coverage as appropriate in the circumstances (e.g., liability, clearing certificate from Workplace Safety & Insurance Board).

If a major project is involved (e.g., cost is in excess of \$100,000), unless otherwise approved by the Leadership Team, a project manager (or the equivalent) should be hired to ensure that contract terms are adhered to, work is properly executed, and that the appropriate warranties, bonds, and insurances are in place.

5h. Automobile Fleet

Cars are provided as a means to facilitate engagement in congregational and apostolic activities and to meet basic needs of the sisters. Cars should be purchased and assigned by the Leadership Team in consultation with those who will be using them and replaced based on the age, odometer reading and condition of the car.

In determining the number of cars required, consideration should be given to the number of members, the numbers of drivers, the ministry needs of the members, the cost of a car versus the cost of taking a taxi. In determining the car to be purchased, consideration should be given to the particular needs of the driver(s) or the house, energy usage and efficiency.

The cars should be in the name of the Institute and covered by the Institute's insurance. It is helpful if management of the fleet is centralized for purposes of registration, annual license renewal and insurance. Repair and maintenance records should be maintained by the usual driver and remain with the car. Providing a corporate credit card to the drivers will help with administration and ensure recovery of excise taxes.

There are a number of programs available to Leadership Teams to determine a member's ability for continued licensing (i.e., *Drive Able*, *55 Alive*).

See the sample automobile fleet policy contained in Appendix G.

5i. Banking and Related Issues

The Leadership Team should be aware of the following:

- Name and address of bank
- History of relationship and when last evaluation of bank took place
- Summary of banking agreement
- The number and purpose of corporate bank accounts
- Local house bank accounts
- Short term investments
- Line of credit, security if any and other key items in agreement
- Balance of any loans outstanding, repayment terms, interest rate
- Signing authority policy
- Current cash flow forecasts

Some Institutes operate under an umbrella agreement with the bank, whereby all balances are notionally consolidated daily for interest calculation purposes.

Cash flow forecasts should be done periodically to manage the Institute's cash resources. Surplus cash which will be needed in the near future can be invested in short term instruments such as money market fund accounts, guaranteed investment certificates or term deposits in order to maximize short term investment earnings.

Lines of credit are established to be used in the event of an emergency. Borrowings under the line of credit should require written authorization of two signing officers.

Online banking should require the same approvals as the traditional paper based banking process.

Banking arrangements should be handled centrally by the Institute's business personnel including the establishment of local house bank accounts and credit cards and debit cards for individual sisters to ensure proper signing authorities and spending limits are attached to the accounts.

Finance office personnel should ensure that the Institute is made aware of scams particularly through the internet that request personal information and passwords.

5j. Taxes

Income Tax

Most, if not all Institutes are registered charities, and as such, are usually not subject to income tax as long as they comply with Canada Revenue Agency's (CRA) requirements for registered charities.

Reference should be made to Section 5 of this manual, "Implications of Civil Law." It is imperative that Canonical Treasurers become knowledgeable about these requirements and that they ensure that members, staff and leadership conduct all of the Institute's activities in compliance with them. Penalties for non-compliance range from warnings or fines to loss of charitable status. Information regarding these requirements may be found on the CRA website at: <http://www.cra-arc.gc.ca/chrts-gvng/chrts/menu-eng.html>.

Another useful source of information regarding these requirements is included in this "legal" checklist available at: <http://www.carters.ca/pub/checklst/charity.pdf>.

Or, it may be preferable to consult the Institute's legal counsel, auditor or qualified adviser.

It is particularly important to file the Institute's annual "Registered Charity Information Return" on time. Also, common areas for attention by Institute Treasurers include compliance with rules for the issuance of donation receipts, fundraising, political activities and sending funds out of Canada.

GST/HST

Registered charities pay GST/HST on the goods and services which they purchase. They qualify to recover some portion of these taxes by filing an "Application for GST/HST Public Service Bodies' Rebate." In Ontario, the recovery rates are 82% of the provincial portion and 50% of the federal portion. The application form is fairly straight forward. The challenge is to ensure that the accounting systems capture all of the HST/GST which the Institute has paid. It is worthwhile to review, or to ensure that accounting staff review, the general ledger account where GST/HST is captured to ensure that taxes on all large expenditures have been included there.

Members of the Institute may purchase goods and services for their own personal use using funds allocated to them from the Institute. GST/HST paid on these purchases also qualifies for

the rebate, but the Institute should have receipts to support the amount included on the rebate application. It may only be practical to ask members to submit receipts for larger or repetitive items e.g. utilities, computers or auto repairs.

The Institute may engage in activities which require charging GST/HST on goods or services which are sold to others, e.g., gift shop or food service. To ensure that there is proper collection and submission of GST/HST, the Treasurer should consult with qualified experts such as the Institute's external auditor. It should be noted, that any GST/HST payable (after deduction of allowable input tax credits) may be netted against GST/HST recoverable, as explained in the prior paragraph.

Excise Tax

When the Institute, or members using the funds from the Institute, purchase gasoline, in addition to HST/GST, they also pay excise tax included within the price they pay for the gasoline. In order to recover this tax, it is necessary to have the receipts which indicate the number of litres purchased. Then the form, "Application for Refund of Federal Excise Tax on Gasoline," must be completed. The form indicates a refund rate per litre and is very straight forward once all the litres indicated on the receipts have been tallied.

Property Tax

Depending upon the use of the properties which the Institute owns, they may or may not be subject to property tax. Generally, buildings whose main purpose is religious or educational are exempt from property tax. If the Institute owns buildings which are subject to property tax, then be alert for notices of indicating large increases in the assessed value of the property. This usually is followed by large increases in property taxes. There is a right to appeal increases in assessed values. In such instances, it is prudent to consult with an internal or external advisor (usually the business manager or someone on the finance committee or legal counsel specializing in real estate matters).

Income Tax as it Relates to Individual Members

If the members of the Institute take a vow of poverty, then they are not required to pay income tax on any income which they turn over to their Institute. Generally, they do not have to file tax returns, but they may choose to do so in order to recover tax withheld from payments made to them, for instance from a work-related retirement fund. Ensure that the return indicates that the member is applying for an exemption under section 110(2) of the Income Tax

Act. A letter from the Institute's leader confirming that the member has taken a vow of poverty should be included with the return. If the return is filed online, then a letter may not be necessary, but CRA may request it before allowing the exemption to proceed.

It is also advisable for members aged 65 or older to file annual returns for "Income Tax," "Income Tax and Benefit" or "Credit and Benefit" in order to ensure that they continue to receive any Old Age Security, guaranteed income supplements and any other government subsidies to which they may be entitled. These returns also allow them to apply for a personal GST/HST credit.

Regardless of a member's age, when deciding whether or not to file individual tax returns, take into consideration that certain tax credits such as HST/GST and provincial credits for sales tax and property tax are only available to individuals who file returns. It may be useful to seek advice on this from the external accounting firm.

5k. Patrimony

Patrimony is any form of temporal good which a member brings into an Institute on entering or which comes to them later as a gift or legacy from family, friends, or through some other personal connection. A gift or legacy which comes in any other way (e.g., through ministry) is not patrimony and is the property of the Institute because the member receives it in the name of the Institute. For further clarification, any other income, e.g. salary, pension, insurance proceeds, or other benefits which are derived from ministry, belongs to the Institute. Other income such as lottery winnings also belongs to the Institute.

The member retains the ownership of their patrimony. Their rights of ownership are restricted as follows:

- Disposition of patrimony (usually referred to as "renunciation") is subject to the approval of the Major Superior or other official of the Institute as set out in its constitution. Individual Institutes may set limits on the amount of patrimony which may be renounced without the approval of the General Superior, or other level of approval as set out in its constitution. Also, renunciations are generally not allowed during the lifetime of the member's parents or before she/he has been perpetually professed for a minimum number of years (e.g., ten years).
- A member who wishes to renounce all or part of her/his patrimony should make a written request to the Major Superior. The request should indicate the amount or nature of the property and the person or entity to which the property is to be

given. It is important that the renunciation be made in a form valid in civil law in order to make it legally binding.

- If the member wishes to renounce their patrimony in favour of the Institute, it is important that the Institute cannot be said to have exerted undue influence on this decision. If large amounts are involved, it is advisable to involve legal counsel in carrying out the transaction.
- All legal transactions related to patrimony are subject to the consent of the Major Superior or other officials of the Institute as set out in its constitution.
- Members must cede administration of their patrimony. They may do so to whomever they choose. Once done, this “cession” can be modified only with the consent of the Major Superior, or as otherwise indicated in the proper law of the particular Institute. The same applies to the “disposition” of the interest or other earnings related to patrimony assets. Members should be asked to indicate in writing their wishes for the cession and disposition of their property. Proper approvals should be indicated where required.
- If the Institute is designated as the administrator of patrimony for one or more members, then the patrimony assets will be invested conservatively and separated from investments owned by the Institute. Detailed records must be kept in order to track patrimony amounts (i.e., contributions, dispositions and earnings) by individual member. It is important to make clear to members that the Institute, while taking due care, cannot act as trustee or investment manager. It is advisable to incorporate this cautionary statement into the document which the members sign to indicate their instructions for cession.
- If a party other than the Institute is designated as the administrator of patrimony, then the document of cession should require that this administrator make an annual report to the Major Superior, in addition to the member.
- The administrator may receive a reasonable fee for their services. This applies even if the Institute is the administrator.
- If there are expenses related to the maintenance of patrimony (e.g., land or buildings), and if this patrimony is to be willed to the Institute, then the Institute may decide to fund these expenses. In such cases, it would be advisable to have a legal agreement in place in the event that the will is changed or the member decides to leave the Institute.
- If a member who has personal patrimony is ordered by a court to pay a victim for damages (e.g., acts of abuse), the funds should come first from the member’s patrimony, since the offence was not an act of the Institute, but a personal one.

All documents related to patrimony should be in accordance with civil law. If a member leaves the Institute, all of their patrimony, including any earnings which have not been disposed of earlier, should be returned to the member.

Revenues from personal patrimony that are not given to the Institute may be taxable.

5I. Understanding of and Support for Incorporated Ministries

Mission and Values

The mission statement(s) of the incorporated ministries should state the mission of the ministry in the context of the mission of the Institute. The values statement(s) as well should reflect the values of the Institute. This allows for the development of staff and volunteer training which can be used across ministries and within the Institute itself.

Policies

The Leadership Team, which normally act as Board for the incorporated ministries, has the responsibility for ensuring that policies are in place which comply with the provincial and federal legislation (e.g., policies regarding harassment or accessibility) as well as policies which reflect the values of the Institute. If policies of the incorporated ministries mirror those of the Institute, human resources management can be streamlined.

Financial Resources

The Institute needs to develop a long-term financial plan regarding the sustainability of the incorporated ministries. This may include immediate financial support, setting aside money for an endowment fund, a fund-raising plan, a commitment to provide space, sharing personnel.

Accountability

The Board of Directors has the responsibility of ensuring that the incorporated ministries are complying with the legal requirements. There needs to be a reporting mechanism (Board meetings which receive financial and administrative reports) which allows the Board to evaluate and give direction to the ministries. Developing strategic directions in collaboration with the senior staff for the ministries, which include attainable goals, allows the Board to evaluate and give appropriate direction to the ministries.

“Don’t reinvent the wheel”

Institutes with incorporated ministries should share information and protocols with each other, building on each other’s experience.

5m. Financial Archives

The financial archives are where documents and financial accounting records (not in current use) are retained. Certain documents may be kept outside of the archive in a safety deposit box at a financial institution. In this case, the safety deposit box will be considered as part of the archive (the “Archives”) and subject to the provisions set out in this section. The Archives are to be located at or near the Institute’s main administrative office. This should be the address indicated on filings with Canada Revenue Agency. The term “document,” “records,” “ledger,” “copies,” “reports,” “books” or “statements” can refer to information in hard copy or electronic form.

The Canonical Treasurer is responsible for assigning responsibility for the maintenance of the Archives (the “responsible person”). She/he will maintain documents in accordance with this policy and under the direction of the Treasurer. It is important that the responsible person be aware of the rules for retention of documents as set by tax and other government authorities.

The following documents should be kept in the Archives for the periods indicated in a locked and fireproof safe or safety deposit box. The periods indicated below are recommendations only, based on a variety of considerations including CRA and legal requirements. Each Institute should set their own policy based on the advice of appropriate members of its own finance personnel, its external auditors, and its legal counsel:

- Incorporating documents and other civil structure documents should be kept indefinitely.
- Documents related to the purchase or alienation of property should be kept indefinitely.
- Documents related to the leasing/renting of property should be kept for the length of the lease/rental agreement plus three years.
- Documents related to guarantees and general legal agreements should be kept as long as they are legally binding.
- Documents of historical value should be kept indefinitely.
- Documents relating to a legal action/dispute/claim will be retained at least until the matter has been finally settled. Then depending on the magnitude of the

settlement, the documents should be kept for a minimum of one year. Documents related to a matter of ongoing significance should be kept indefinitely.

- Significant contracts should be kept as long as they are in force and for at least five years after they expire.
- Sisters' wills and any acts of cession should be kept for ten years after settlement.
- Patrimony records should be kept until ten years after a Sister's will is settled.
- One set of year-end financial statements (as reviewed by the independent accountant), the accompanying T3010 and the supporting general ledger should be kept indefinitely.
- Official minutes of meetings should be kept indefinitely.
- Investment statements should be kept for ten years.
- Capital asset ledger should be updated and kept indefinitely. Older pages of the ledger may be discarded once all of the assets on the pages are sold or retired.
- Any documents which support asset values for insurance purposes should be kept as long as the asset is owned.
- Insurance documents as they relate to liability insurance coverage should be kept indefinitely.
- Documents related to legacies should be kept indefinitely.
- Human Resource and other employee-related documents should be kept as long as the person is employed by the Institute or there remains a legitimate reason to keep such information e.g. continuing health benefits, possible litigation or human rights complaints. It may be prudent to retain personnel and volunteer files indefinitely. Consideration should be given to the Institute's privacy policy.
- Accounting "source" documents, e.g., supplier invoices, cheque stubs/copies, bank statements, bank deposit books, payroll reports, donation records should be kept for at least seven years.
- Books of account, including bank reconciliations, (other than the general ledgers noted above) should be kept for at least seven years.
- Budgets, forecasts, and cash flow reports should be kept for three years.
- Insurance claims documents should be kept for five years.
- Members' income tax returns should be kept for seven years.

The responsible person should maintain a log of documents which are kept inside the safe or deposit box. The containers holding the documents should be clearly labeled and should indicate the year when the contents are scheduled for destruction or should be marked "DO NOT DESTROY."

Certain documents may be retained longer than the legal requirement because of their enduring value as part of the history of the Institute and also because of their importance in terms of effective decision making and policy development. Before any document or other archived material not specifically addressed above is discarded or destroyed, the responsible person should discuss with the Treasurer whether there is any such reason to retain the material for a longer period.

Access to the Archives will be limited to those who have a legitimate need to access the information contained therein. In most instances, access to a safety deposit box will be limited to the Major Superior/Provincial and Treasurer.

Ordinarily documents in the Archives are not loaned to others unless there is a pressing need. Then the loan will only be for a short time and with the assurance of their safe return in the same state as they were loaned. Any loaned documents will be logged by the responsible person who will regularly follow up on the return of these documents to the Archives.

The responsible person should review archived material annually to determine which documents no longer require retention. At the end of the retention period, the documents concerned should be shredded or burned.

Financial and legal documents which originate at locations (e.g., ministries) other than the Institute's main administrative office should be kept at that location in accordance with the policies set out above. If certain documents require a fireproof safe, then they may be forwarded to the main administrative office for safekeeping.

6. HUMAN RESOURCES MANAGEMENT

6a. Human Resources and Operations

Human Resource Management is the process of managing an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, the oversight of organizational leadership and culture, and the ensuring of compliance with all relevant employment legislation and labour laws.

It is important to engage in human resource planning at an operational level in an effort to ensure that the organization is meeting its longer term strategic objectives. At the operational level, sound human resource planning is in part based on thinking ahead about what is best for the organization in the future.

At an operational level, organizations implement human resource policies and practices to support both management and staff in achieving their day-to-day goals and objectives.

Whether it is in determining just how many staff is required to perform a specific function or how performance will be monitored on a regular basis, human resource management practices and activities need to be planned in advance.

6b. Policies and Procedures

Human resource policies and procedures are the formal rules and guidelines that are established in support of hiring, training, assessing, and rewarding employees. These policies, when organized and disseminated in an easily used form, can serve to pre-empt many misunderstandings between employees and employers about their rights and obligations in the workplace. Having these policies in writing is important so that it is clear to all what the policies are and that they are applied consistently and fairly across the organization. Written policies form part of an overall employment contract between you as the employer and the employees that you chose to hire. It is important that policies comply with relevant legislation such as the Employment Standards Act and the Human Rights Code.

Subjects covered by human resource policies and procedures should include recruitment, conditions of employment, employee benefits, leaves of absence, compensation, employee relations, staff development, health and safety, and termination of employment, among other things. See the sample Table of Contents for Human Resources Manual in Appendix H.

6c. Contracts

A contract of employment is an agreement between an employer and employee and forms the basis of the employment relationship. Although a contract of employment does not need to be in writing to be considered legally binding, it is strongly recommended that it is. The contract begins when the offer is accepted and the commencement of work serves as proof the employee has accepted the terms and conditions offered by the employer.

Contracts of employment are sometimes for a predetermined period of time with a clearly defined end date and provisions for amendments with mutual agreement by both parties. Contracts of employment usually contain provisions that allow for early cessation either through serving some formal notice period or payment in lieu. Contracts of employment can end without notice where there is just and sufficient cause with documented proof that the employee has voided the employment contract either through some level of misconduct or poor performance.

6d. Job Classification and Salary Scale

The development of job classifications and salary scales is often achieved through the implementation of a structured job evaluation process. Job evaluation and classification is the

formal process for determining the relative values of jobs in an organization. The procedure involves the comparison of job content of each position relative to all other roles in the organization by determining the amount of skill, effort, and responsibility that is inherent within each role.

Developing job classifications and salary scales not only ensures internal equity but is also intended to ensure that the organization is competitive within the external marketplace. Ensuring market competitiveness is a critical element to the recruitment and retention of top talent.

6e. Performance Reviews

A performance review, also referred to as performance appraisal, is a review and discussion of an employee's performance of assigned duties and responsibilities. The review should be based on results obtained by the employee in her/his job, not on the employee's personality characteristics. The appraisal should measure skill and accomplishment with reasonable accuracy and uniformity. It provides a way to help identify areas for improvement and to help promote personal and professional growth. The performance review should also be used as a tool to reinforce and reward positive performance attributes.

The success of the process is largely dependent on the immediate supervisor's willingness to complete the appraisal in a constructive and objective manner. Success is also dependent on the employee's willingness to respond to constructive recommendations and to work with the supervisor to achieve future goals.

A formal written review should be completed not less than annually, and often immediately following what is commonly referred to as a probationary period. Having supervisors annually review their employees will help them gain a better understanding of each employee's capabilities. The goal of the process is to recognize achievement, evaluate progress, and then potentially design training or support mechanisms for future development of skills, strengths and short-comings. Completing the review process in this manner will also stimulate employees' interest and improve overall job performance.

6f. Payroll and Related Issues

When a new staff member joins the organization, the salary, hours of work and benefits will be set up on the payroll system according to the details from the offer letter. Controls should be in place to ensure that any changes to an employee's pay, hours of work or benefit details are properly authorized according to the congregation's policies for approval limits and signing

authority. Generally, the employee's supervisor will be responsible for signing the time records for their employees before each pay.

The pay period is usually weekly, bi-weekly or monthly. Statutory deductions (e.g., income tax, employment insurance, Canada pension) must be remitted to the Canada Revenue Agency according to its requirements. This is one instance where failure to remit deductions on behalf of employees can result in the Leadership Team as the members of the Board of Directors being charged with a criminal offence and possibly receiving a prison sentence.

Annually, the Leadership Team may decide to give a salary increase to staff. For general increases based on the cost of living, information on inflation and the consumer price index can be obtained from the Bank of Canada website (www.bankofcanada.ca). Industry increases (e.g., for healthcare or maintenance workers) can also help in establishing a cost of living rate increase.

6g. Benefits Package

In addition to pay, the provision of a benefits package makes up what is often referred to as "total compensation" and is provided to the employee by the employer. Benefits provided are often prescribed by law and other benefits are provided because the organization feels socially responsible to their employees.

Benefits provided often include:

- Health and dental Insurance
- Vision care
- Life insurance
- Paid vacation leave
- Sick leave, often in the form of short term and/or long term disability coverage
- Various personal leaves, e.g., bereavement
- Retirement savings assistance such as a pension plan or group RRSP.

Benefit Plans are often provided through an independent third party and can be funded 100% by the employer or through a cost-sharing approach where the employee contributes a certain percentage of the total cost.

6h. Unionized Environment

Respect is the key to a successful relationship between the employer and the union representing its employees.

The employer must respect the role of the union as the sole and exclusive agent of the employees. The union must respect the employer's exclusive right to manage its operations and to direct its work forces. Both parties must recognize and acknowledge their respective rights and obligations under labour and other employment legislation and under the collective agreement, and the rights and obligations of the employees covered by the agreement.

Above all, the employer must respect the fact that the employees have a right to join and participate in a union, including the right to strike, without fear of intimidation, coercion, harassment, or undue influence by the employer. The union must also abide by its obligations to treat all employees fairly and in good faith, and to treat management with appropriate respect.

The employer and the union must agree to and then respect the overall purposes of a collective agreement:

- To establish mutually satisfactory relations between the employer and its employees;
- To establish and maintain satisfactory working conditions, hours of work, and wages for all employees who are subject to the provisions of the agreement
- To provide procedures for the prompt and equitable resolution of disputes.

One of the fundamental principles of labour law and labour legislation is to encourage both parties to a collective agreement to reconcile and resolve their differences and disputes. To foster good relationships, both parties should commit to resolving those differences and disputes in a proactive, collaborative way that embraces the principles of fairness, respect, and dignity. As much as possible, disputes should be resolved between a worker and his or her supervisor, at the first instance. An environment of respectful front-line resolution should prevail. Third party intervention should only be used as a last resort when the parties are at an impasse and cannot see their way to a voluntary resolution.

The employer must share sufficient and topical information with the union to permit the union to represent its members fairly and diligently. It must openly listen to the union as the collective voice of the employees especially in matters dealing with policy or operational efficiency and effectiveness. It must involve the union in issues where the employees may be negatively affected by operational or financial plans.

Both parties should work toward establishing and fostering a two-way communication system. They should not only come together to resolve a dispute. They should build collaborative

strategies on ways to further their mutual goals, to provide efficient and effective services to their clients or customers, and to make the workplace better for the employees.

A co-operative union-management relationship must be built on a foundation of mutual benefit, honesty, fairness and – most importantly – trust.

CONCLUSION

The ultimate purpose of this Manual is to be a resource for the many women and men religious and lay persons who together share the ministry of administration and financial management in religious institutes across Canada. The contents of this resource are a reminder of the depth and breadth of this important ministry and the extent to which the ministry is integral to the changing face of religious life in the second decade of the twenty-first century.

A model for persons engaged in this ministry is Woman Wisdom, a person revealed in the books of Proverbs and Wisdom (especially Proverbs 31) as one who works with justice and equity, who maintains peace and good order, who does tasks well and competently, who is not afraid to venture into new places, who is both a capable woman and a merchant, who reaches out her hands to people who are poor, and who thoughtfully and carefully makes decisions related to property and finances. In the book of Proverbs (8:20-21), Woman Wisdom says, “I walk in the way of righteousness, along the paths of justice, endowing with wealth those who love me, and filling their treasuries.” For members of administration teams and for members of leadership teams who share this privileged ministry, may this Manual be a guide to walking in the way of righteousness along the paths of justice.

APPENDIX A

DIRECTOR OF FINANCE – SAMPLE JOB DESCRIPTION

Job Purpose

The Director of Finance is responsible for planning, organizing, directing, controlling and evaluating the operation of the organization's finance, accounting and administration.

Primary Duties and Responsibilities

The Director of Finance performs a wide range of duties including some or all of the following:

Financial Accounting and Reporting

- Develop and maintain monthly, quarterly and annual financial statements and reports that are appropriate for the users and in accordance with generally accepted accounting principles.
- Develop, implement, and ensure compliance with internal financial and accounting policies and procedures.
- Ensure that all statutory requirements of the organization are met including Charitable Status, Withholding Payments (CPP, EI), Income Tax, GST/HST, Employer Health Tax.
- Prepare all supporting information for the annual audit and liaise with the Finance and/or Audit Committee and the external auditors as necessary.
- Document and maintain complete and accurate supporting information for all financial transactions.
- Develop and maintain financial accounting systems for cash management, accounts payable, accounts receivable, credit control, and petty cash.
- Reconcile bank and investment accounts.
- Review monthly results and implement monthly variance reporting.
- Manage the cash flow and prepare cash flow forecasts in accordance with policy.
- Oversee the bookkeeping function including maintenance of the general ledger, accounts payable, accounts receivable and payroll.
- Develop and implement policies and procedures to ensure that personnel and financial information is secure and stored in compliance with current legislation.
- Manage the acquisition of capital assets and ensure that assets are properly recorded, amortized, and disposed of as appropriate.
- Prepare annual charitable return in a timely manner as appropriate.
- Corporate filings of Annual summary to Industry Canada
- Liaise with the Treasurer, Finance Committee and/or Audit Committee as appropriate.

- Assist the Provincial Leader and the Treasurer with financial reporting as required at Board meetings and the Annual General Meetings.
- Additional Excel reporting and financial analysis as requested by the President.

Budget Preparation

- Establish guidelines for budget and forecast preparation, and prepare the annual budget in consultation with the Provincial Leader and Treasurer and/or Finance Committee.
- Assist other personnel with the preparation of budgets and funding applications.

Human Resources and Administration

- Oversee the HR functions including recruitment and selection, training and development, compensation and benefits, career development, performance management, job analysis, employee relations and HR planning.
- Maintain and develop the organization's policy and procedures manual.
- Oversee and supervise the administrative function of the organization including reception, property/facility management, safety of the work environment, and provision of furnishings and equipment necessary for effective operations.
- Oversee the management of all leases, contracts and other financial commitments
- Monitor all legislation relevant to the organization (NFP Charities Act, employment standards, occupation health and safety, human rights, etc) and all regulations on professional certification to ensure that the organization is compliant.
- Oversee all payroll functions to ensure that employees are paid in a timely and accurate manner
- Negotiate and manage the employee insurance, benefits, and pension plans
- Process and submit statutory and benefits remittances on time

Qualifications

- Education and Experience
 - University degree or college diploma in Accounting, Commerce, or Business Management/Administration
- Four to six years of progressive financial and administrative responsibility

Professional Designation

Chartered Accountant, Certified General Accountant, or Certified Management Accountant designation is an asset. (Some or all of these designations may now be referred to in some provinces of Canada as Chartered Professional Accountants, "CPA".)

Knowledge, Skills and Abilities

- Knowledge of generally accepted accounting principles for non-profit organizations.
- Knowledge of federal and provincial legislation affecting charities.
- Knowledge of provincial legislation on Employment Standards, Occupational Health and Safety, and Human Rights.
- Knowledge of the voluntary sector.
- Proficiency in the use of computer programs for: accounting (Simply Accounting), word processing, databases, spreadsheets, bookkeeping, email and internet.

Personal Characteristics

The Director of Finance should demonstrate competence in some or all of the following:

- Understand ethical behaviour and business practices and ensure own behaviour is consistent with these standards and align with the organization's values.
- Establish and maintain positive relationships with others both internally and externally to achieve the goals of the organization.
- Assess situations to determine the importance, urgency and risks, and make clear decisions which are timely and in the best interest of the organization.
- Determine strategies to move the organization forward, set goals, create and implement action plans, and evaluate the process and results.
- Set priorities, develop a work schedule, monitor progress towards goals, and track details/data/information/activities.
- Assess problem situations to identify causes, gather and process relevant information, generate possible solutions, and make recommendations and/or resolve the problem.
- Speak, listen and write in a clear, thorough and timely manner using appropriate and effective communication tools and techniques.
- Anticipate, understand, and respond to the needs of internal and external clients to meet or exceed their expectations within the organizational parameters.
- Work cooperatively and effectively with others to set goals, resolve problem, and make decisions that enhance organizational effectiveness.
- Positively influence others to achieve results that are in the best interest of the organization.

Reporting

The Director of Finance reports to the Treasurer.

ACCOUNTING/ACCOUNTS PAYABLE CLERK – SAMPLE JOB DESCRIPTION

Job Purpose

Successful candidate shall possess superior computer skills, excellent customer service skills and previous general accounting experience. Responsibilities will include general accounting activities including but not limited to accounts payable, account analysis and monthly journal entries. The candidate shall have a basic knowledge of commonly used accounting concepts, practices, and procedures.

Primary Duties and Responsibilities

- Matching, batching, inputting accounts payable invoices, and performing validation
- Reconciling vendor statements, researching and solving problems
- Develop relationships to enhance the team environment. Effective and positive communications skills for both internal and external contacts
- Prepare audit documentation and enter any necessary adjustment transactions per established department policy and procedures
- Contact vendors to obtain information needed to complete invoice processing, i.e. obtain invoice copies on a timely basis
- Run reports as needed for analytical purposes
- File processed invoices according to department procedures and policies
- Assist in month end closing including accruals
- Updating various financial analysis spreadsheets
- Work closely with Director of Finance for direction on workflow, productivity prioritization and any other duties as assigned

Qualifications

Education and Experience

- High school diploma required
- Two-year's related experience and/or training in the Accounting field; or equivalent combination of education and experience required

Knowledge, Skills and Abilities

- Knowledge of general accounting theories and practices, and accepted office procedures
- Proficient in Excel, and MS Word, data entry, ten key by touch and basic math skills. MAPICS knowledge is a plus
- Ability to communicate effectively with all levels of personnel in a variety of situations

- Ability to think, speak, and write in a clear and logical manner
- Ability to apply critical listening techniques when communicating
- Possess strong organizational skills, analytical skills and an ability to provide timely internal and external services
- Maintains regular attendance and excellent punctuality

PAYROLL AND BENEFITS COORDINATOR – SAMPLE JOB DESCRIPTION

Job Purpose

The Payroll and Benefits Coordinator oversees the processing of full-cycle payroll. Supervises and coordinates fiscal and calendar year-end, including T4s, EHT, Pension Adjustments, and other government required documentation. Responsible to ensure payroll is in compliance with federal and provincial government and audit requirements and that there is alignment with payroll best practices to improve processes and to increase efficiency.

Primary Responsibilities

- Prepares and processes bi-weekly payroll for all hourly and salaried employees.
- Prepares remittances of all applicable employment-related taxes paid to government agencies (CPP, EI, Payroll taxes, EHT, etc.) and benefits paid to insurance companies. Manages payroll year-end process to ensure accurate and timely reported information; ensures the creation and timely distribution of T4s.
- Responsible for issuing Records of Employment.
- Oversees the maintenance of payroll records and files as well as required reports in accordance with the organization's policy and government legislation.
- Manage company Defined Contributions and Defined Benefits plan and group benefits.
- Audits payroll processing to ensure accuracy and employees are paid in a timely manner.
- Ensures compliance with relevant legislation including timely remittance of statutory payments (Income Tax, EI, CPP, and EHT).
- Responsible for year-end process and T4 filing and distribution; prepares various reports required by federal and provincial government departments.
- Enrolls eligible employees in various payroll deduction programs and remits payments to various agencies.
- Reconciles various payroll accounts with the General Ledger.
- Runs reports as requested by other departments and for audit and reconciling purposes.
- Prepares pension calculations for terminating and retiree members.
- Processes and reconciles Pension Adjustments by preparing spreadsheets for the actuaries.

- Assures policies and procedures are adhered to and provides guidance in terms of policy interpretation as required.
- Develop and implement payroll processes and procedures.
- Provide support in various audits such as annual audit and Defined Contribution and Defined Benefit pension.
- Prepares quarterly compliance report (confirmation of statutory remittances) to Treasurer.
- Response to queries related to payroll, benefits, and pension from employees and pensioners and resolve any issues
- Performs other duties as required including the preparation and analysis of related reports.

Health and Safety Responsibilities

- Works in compliance with the provisions of The Occupational Health & Safety Act and its regulations
- Reviews and complies with the Health and Safety Policy

Qualifications

- Required to have a Canadian Payroll Association (CPA) designation or other formal payroll training
- Thorough knowledge of payroll administration normally obtained after five years of related payroll experience.
- Excellent knowledge of Employment Standards and a good knowledge of the Income Tax Act, Canada including vehicle allowances, bonus and severance payments, etc.; sound understanding of how to administer EHT, EI, CPP, Federal and Provincial tax remittances.
- Strong organization skills to prioritize workload to meet critical deadlines.
- Good mathematical skills to check and perform calculations; ability to judge the appropriateness of calculations.
- Knowledge of basic accounting practices and procedures.
- Excellent interpersonal skills to discuss and resolve sensitive payroll and benefits matters.
- Proficiency in word processing (Word) and spreadsheet (Excel) software and in-house Payroll systems.
- Accustomed to using the report writing feature of payroll software to maximize efficiencies.

APPENDIX B

SAMPLE TERMS OF REFERENCE FOR FINANCE ADVISORY COUNCIL

A. ACCOUNTABILITY

The Finance Advisory Council is directly accountable to the (*Congregation Name*) Provincial Leadership.

B. PURPOSE

The Finance Advisory Council is a group of volunteers who are appointed to be a resource to the (*Congregation Name*) Treasurer and the Director of Finance and Administration and provide advice to the (*Congregation Name*) Provincial Leadership when requested. The Finance Advisory Council has no legal authority but is a consultative forum that supports (*Congregation Name*).

C. FUNCTIONS

The functions of the Finance Advisory Council are as follows:

1. review the annual operating budgets and recommend to the (*Congregation Name*) Provincial Leadership for its consideration;
2. review the capital budget and recommend to the (*Congregation Name*) Provincial Leadership for its consideration;
3. monitor the current and projected financial position of (*Congregation Name*) in relation to stability, viability and potential financial risk;
4. review the internal controls and recommend any revisions to the (*Congregation Name*) Provincial Leadership for their consideration;
5. review the Audited Financial Statements and Management Letters prepared by the Auditor and forward to the (*Congregation Name*) Provincial Leadership with any recommendations;
6. review the performance of the Auditor and make a recommendation to the (*Congregation Name*) Provincial Leadership regarding appointment for the next fiscal year;
7. develop and implement a Request for Proposal for auditing services every five years;
8. monitor investments and recommend any action that may be required to ensure favourable performance.

D. CHAIR

The Chair of the Finance Advisory Council is chaired by the *(Congregation Name)* Province Treasurer, who is a member of the *(Congregation Name)* Provincial Leadership. The Chair is appointed for a specified timeframe. The responsibilities of the Chair are as follows:

1. ensure the tasks assigned to the advisory council are addressed within the specific timeframe;
2. chair meetings in a fair and efficient manner, including starting and adjourning on time;
3. develop the advisory council meeting agenda in collaboration with the Director of Finance and Administration;
4. review the meeting minutes to ensure major points of discussion and recommendations are recorded;
5. ensure that the advisory council members have received clear instructions on the confidentiality of proceedings; and
6. ensure that advisory council members carry out their functions in the best interest of *(Congregation Name)*.

E. MEMBERSHIP

The Finance Advisory Council will be comprised of a maximum of eight (8) members including *(Congregation Name)* members and other individuals with financial expertise and knowledge. The members of the Finance Advisory Council will serve in their own right, not as representatives of any particular group. The Director of Finance and Administration is a resource to the Finance Advisory Council. The *(Congregation Name)* Province Leader is an ex-officio member of the Finance Advisory Council.

F. TERM

The members of the Finance Advisory Council will be appointed by the *(Congregation Name)* Provincial Leadership, in consultation with the Canadian Province Treasurer, for a two (2) year term that can be renewed to a maximum of two additional terms to a total maximum of six (6) years.

G. ELIGIBILITY CRITERIA

The members of the Finance Advisory Council will serve on a voluntary basis and meet the following eligibility criteria:

1. support the vision, mission, values and goals of *(Congregation Name)*;
2. be able to devote the time necessary to be an active advisory council member;

3. be knowledgeable about key financial processes including budgeting, monitoring and internal controls; and
4. agree and adhere to the guidelines outlined in the Terms of Reference for the Finance Advisory Council.

H. MEETING SCHEDULE

The Finance Advisory Council will meet a minimum of four (4) times a year, as follows:

<i>Date</i>	<i>Time</i>
■ _____	■ _____
■ _____	■ _____
■ _____	■ _____
■ _____	■ _____

The Finance Advisory Council meetings will be held at _____
_____.

I. MEETING PARTICIPATION

Advisory council members are required to attend eighty percent (80%) of the scheduled meetings. If an advisory council member is unable to attend a meeting she/he is required to send regrets by contacting _____, the Provincial Treasurer at telephone () _____ or email: _____. If an advisory council member misses two consecutive meetings without prior notification, the Chair will contact the individual to discuss her/his attendance.

J. MEETING GUIDELINES

Advisory council members are required to arrive on time and be in attendance for the entire meeting. A meeting agenda, minutes of the last meeting and supporting documentation will be forwarded to advisory council members a minimum of five (5) business days in advance of a scheduled meeting.

In the event of inclement weather, the Chair will make a decision regarding the status of the meeting a minimum of three hours in advance of the scheduled starting time. Advisory council members will be contacted by email or telephone depending on their preferred method of

communication. In this circumstance, the scheduled meeting may be held by telephone or cancelled and rescheduled.

K. CONFIDENTIALITY

In order to support the ability of the Finance Advisory Council to provide well-informed advice, council members may receive and discuss at meetings information from (*Congregation Name*) that is confidential in nature. The members of the Finance Advisory Council will respect the confidentiality of information. If an advisory council member is not certain whether information can be shared, then she/he can contact the Chair for advice and guidance. Advisory council members are required to take reasonable measures to keep confidential information secure. When an advisory council member resigns or retires, she/he will return all information related to (*Congregation Name*) to the Provincial Treasurer or will provide written confirmation within thirty (30) days of her/his departure that all documents have been destroyed.

L. CONFLICT OF INTEREST

A member of the Finance Advisory Council cannot directly or indirectly benefit from their position on the council. An advisory council member must disclose any actual, perceived or potential conflict of interest to the Chair.

M. MEETING EXPENSES

Advisory council members will be eligible for travel and child/attendant care expenses to ensure their participation at meetings. To receive reimbursement, advisory council members must complete the designated expense form and forward to the chair for approval. The signed expense form will then be forwarded to the (*Congregation Name*) Finance Department for processing and payment.

N. RESIGNATION OR DISMISSAL

An advisory council member may offer her/his resignation at any time. The advisory council member is requested to submit her/his intention to resign in writing to the Chair.

O. REPRESENTATION TO THE PUBLIC

Members of the advisory council do not assume the role of official spokesperson for (*Congregation Name*). A member of the Finance Advisory Council is personally liable for any public statements that are perceived as representing the views or position of (*Congregation Name*).

P. LEGAL LIABILITIES AND INDEMNITIES

A member of the Finance Advisory Council is included in the liability insurance provisions of *(Congregation Name)* provided that the member acts in good faith and within the scope of these Terms of Reference. Members of the Finance Advisory Council act collectively as an advisory body but are not the final decision-makers. The *(Congregation Name)* Provincial Leadership has the ultimate responsibility and accountability for any decision resulting from the advice received from the Finance Advisory Council.

Q. TERMS OF REFERENCE APPROVAL

These Terms of Reference for this Finance Advisory Council were approved by the *(Congregation Name)* Provincial Leadership on _____, 201*.

APPENDIX C

SAMPLE PRIVACY AND CONFIDENTIALITY POLICY

The Congregation is committed to protecting the privacy of its vowed members, novices, candidates, employees, associates, volunteers, contractors, donors and any other persons about or from whom the Congregation collects personal information during the course of carrying out all of its activities.

The Congregation complies with the Personal Information Protection and Electronic Documents Act (PIPEDA) and other applicable legislation and ensures that all personal information is properly collected, used only for the purpose for which it is collected and is disposed of in a safe and timely manner when no longer required.

Any collection of information that occurs through the use of our website is subject to this Privacy Policy and the Website Privacy Policy of the Congregation.

Scope:

This policy shall apply to the following individuals (Congregation Personnel) at all times and in all locations when engaged in the Congregation's ministries or business activities:

- Vowed Members
- Novices
- Candidates
- Employees
- Volunteers
- Associates

Definitions of Personal Information:

Personal information - means information about an identifiable individual including:

- name, race, ethnic origin, religion, marital status, educational level
- e-mail address and messages, IP (Internet protocol) address
- age, height, weight, medical records, blood type, DNA code, fingerprints, voiceprint
- income, purchases, spending habits, banking information, credit/debit card data, loan or credit reports, tax returns
- Social Insurance Number (SIN) or other identification numbers.
- Personal information does NOT include contact information.

Contact Information: means information that would enable an individual to be contacted at a

place of business and includes name, position name or title, business telephone number, business address, business email or business fax number. Contact information is not covered by this policy or PIPEDA.

Other Definitions

In this policy, the following terms have the respective meanings set out below:

Candidate – An individual living with one or more Vowed Members for a more formal period of discernment of her call

Congregation – “Name of Congregation”

The Congregational Leader - The Leader of the Congregation

Corporation – Name of civil corporation

General Council – The council which is responsible for the general governance of the Congregation

Associate – Single or married women and men who share the mission and spirit of the Congregation

Employee – An individual employed by the Corporation on a part-time or full-time basis

Novice – An individual who has not yet taken her vows to become a Vowed Member and is living with one or more Vowed Members

Privacy Officer – The individual designated responsibility for ensuring that the Congregation complies with this policy and PIPEDA

Volunteer – An individual volunteering for the Corporation on a part-time or full-time basis, who is not a Vowed Member, Novice or Candidate

Vowed Member – An individual who has taken her first profession of vows as a member of the Congregation

Privacy Principles

The Congregation’s vowed members, novices, candidates, associates, employees, volunteers and contractors who collect, use or disclose personal information for the Congregation is required to follow the ten practices outlined below.

1. Accountability

The Congregation is responsible for maintaining and protecting the personal information under its control. The Congregation has appointed a Privacy Officer (name) who is responsible for ensuring compliance with this privacy policy.

The Congregation's vowed members, novices, candidates, employees, volunteers, contractors and associates are required to protect the confidentiality of information that is available to them solely for the purposes of performing their duties.

2. Identifying Purpose

The Congregation collects and uses personal information for a variety of purposes including but not limited to:

- Providing services within the various ministries of the Congregation and its members
- Voluntary information related to employment, payroll and benefits
- Voluntary information related to volunteer recruitment
- Voluntary information from donors for the sole purpose of issuing tax receipts and maintaining a donor list
- Voluntary information related to membership and formation

Any personal information that is collected is obtained lawfully and fairly. The personal information that is collected will be limited to the extent, where practically possible, to that which is required for the purposes that have been identified by us at the time of collection. When personal information is provided to us voluntarily, we will attempt to limit the collection of personal information to the purpose for which it is being voluntarily given.

3. Consent

Consent is obtained from the person whose information is being collected, used or disclosed. Permission may be expressed either in writing, orally or electronically or implied when given voluntarily.

Permission may be withdrawn at anytime, subject to legal, contractual restrictions and reasonable notice.

Information is not released unless appropriate consent is given.

4. Limiting Collection

Personal information collected is limited to that required for the purpose or purposes identified by the Congregation and its related activities and is collected in a fair, open and lawful manner.

5. Limiting Use, Disclosure and Retention

Personal information shall not be used or disclosed for purposes other than those for which it was collected, except with the consent of the person or as required by law. All collected

personal information shall be destroyed, erased or made anonymous as soon as the purpose for which it was collected is no longer relevant, or as permitted by law.

6. Accuracy

Personal information shall be maintained in as accurate, complete and up-to-date a form as necessary in order to fulfill the purpose for which it was collected.

7. Safeguards

Personal information will be protected by security safeguards that are appropriate to the sensitivity of the personal information. The Congregation maintains appropriate physical and technical measures to protect against loss, theft, unauthorized access & disclosure, copying or modification.

Safeguards include:

- Physical measures – locked filing cabinets and restricted access to offices
- Organizational measures – limiting access on a “need-to-know” basis and security clearances
- Technology measures – use of passwords, encryptions and audits

Access to any personal information is restricted to the Sisters and employees of the Congregation and its volunteers on a “need to know” basis.

8. Openness

Information about the privacy policy of the Congregation, as well as the management of personal information, shall be available as requested. The information includes:

- Name and contact information of the Privacy Officer
- A copy of the Privacy Policy and its practices related to management of personal information

9. Access

Individuals may make written requests to gain access to their records containing personal information. Individuals shall be given access to information except where the law requires the Congregation to deny access.

The Congregation will respond to requests within reasonable timelines and cost to the individual as governed by legislation.

10. Challenging Compliance

Complaints or inquiries about the collection, use, disclosure or retention of personal information and the Congregation's compliance with these ten principles should be directed to the Privacy Officer. The Privacy Officer will investigate complaints and ensure that appropriate measures are taken.

Privacy Officer: "name"

Phone number:

Email:

Address:

Complaint Process

The Privacy Officer will respond to all complaints about collection, use, disclosure, storage and disposal of personal information, advising the complainant as to the action being taken and will:

- clarify the complaint to clearly identify the issues for investigation;
- determine the best approach for dealing with the matter;
- examine relevant records and carry out all necessary interviews;
- conduct an analysis of the information obtained during investigation;
- determine whether there is a basis for making findings and recommendations;
- determine whether action needs to be taken with respect to breach of a confidentiality agreement
- if so, contact the parties with the preliminary findings and provide an opportunity for further representation.

If the complaint is substantiated or well-founded, the Privacy Officer will make an investigation report that contains:

- a summary of both sides' positions and what the investigation uncovered;
- the findings and recommendations;
- any agreement reached by the parties.

Investigations will be conducted in as timely a manner as possible. However, the following factors often determine how long an investigation will take:

- the complexity of a case, or the number of issues to be investigated;
- the presentation of a legal issue, such as a matter of statutory or legal interpretation, that may need to be examined and settled;
- the level of cooperation or ease of communication with the parties; or
- whether there are opportunities during the course of investigation for early resolution.

Where necessary, the Privacy Officer will make recommendations to the General Council in connection with the resolution of the complaint.

Prevention and Education

The Congregation is committed to the process of educating and informing all Congregation Personnel regarding the privacy of personal information. It seeks to do so through the following measures:

- A copy of this policy will be made available to all Congregation Personnel.
- Information sessions will be held periodically for Congregation Personnel.
- Those in authority will be made aware of their responsibilities under this Policy and PIPEDA

Other Reference: Website Privacy Policy

APPENDIX D

SUMMARY OF AUDIT VERSUS REVIEW REQUIREMENTS UNDER THE CNCA

CATEGORY	HOW DEFINED	FINANCIAL REVIEW REQUIREMENTS
Soliciting Corporation	More than \$10,000 in gross annual revenue from public sources	
Soliciting Designated Corporation	\$50,000 or less in gross annual revenues for the last fiscal year	<p>Appoint public accountant to conduct review engagement</p> <p>Members may resolve to require an audit</p> <p>Members may waive the appointment of a public accountant</p>
Soliciting Non-Designated Corporation	\$50,000 to \$250,000 in gross annual revenues for the last fiscal year	<p>Appoint public accountant to conduct an audit</p> <p>Members may resolve to have a review engagement instead</p>
	Over \$250,000 in gross annual revenues for the last fiscal year	Appoint public accountant to conduct an audit
Non-Soliciting Corporation	Less than \$10,000 in gross annual revenue from public sources	
Non-Soliciting Designated Corporation	\$1 million or less in gross annual revenues for the last fiscal year	<p>Appoint public accountant to perform review engagement</p> <p>Members may resolve to require an audit</p> <p>Members may waive the appointment of a public accountant</p>
Non-Soliciting Non-Designated Corporation	Over \$1 million in gross annual revenues for the last fiscal year	Appoint public accountant to perform an audit

SUMMARY OF AUDIT VERSUS REVIEW REQUIREMENTS UNDER THE ONCA

TYPE OF CORPORATION	AMOUNT OF REVENUE	TYPE OF FINANCIAL REVIEW
Public Benefit Corporation	\$ 100,000 or less	<p>Appoint public accountant to perform review engagement</p> <p>Members may resolve to require an audit</p> <p>Members may waive the appointment of a public accountant</p>
	More than \$100,000 but less than \$500,000	<p>Appoint public accountant to conduct an audit</p> <p>Members may resolve to have a review engagement instead</p>
	\$500,000 or more	Public accountant to conduct an audit
Non-Public Benefit Corporation	\$500,000 or less	<p>Appoint public accountant to perform review engagement</p> <p>Members may resolve to require an audit</p> <p>Members may waive the appointment of a public accountant</p>
	More than \$500,000	<p>Appoint public accountant to conduct an audit</p> <p>Members may resolve to have a review engagement instead</p>

*Approval to waive an audit or to waive both an audit and review engagement requires an extraordinary resolution.

APPENDIX E

OPERATING PLANS AND BUDGETS (EXCERPTS FROM A SAMPLE ADMINISTRATION MANUAL)

General

1. The Congregation prepares an annual operating plan and budget. The Congregation's fiscal year end is August 31.
2. The plan consists of:
 - Summary of background environment
 - Assessment of current year's performance
 - Statement of objectives for coming year
 - Human resources plan
 - Detailed plans and budgets for all aspects of the Congregation (Administration, Infirmary, local communities, mission support activities).
3. For local communities:
 - 3.1 The Leadership Team sets budget guidelines or allowances for various spending categories and for total expenses for each house.
 - 3.2 The General Treasurer's office distributes a budget package to each house, consisting of:
 - Financial statement for previous six months
 - Personal budget worksheets and forms
 - House budget worksheet and forms
 - Capital budget forms
 - Budget assumptions and guidelines
 - 3.3 Completed budget forms are reviewed by the appropriate responsible councilor and returned to the Business Office.
 - 3.4 The Accounting Manager prepares a summary of local community budgets for review by the Leadership Team.
 - 3.5 If necessary, budgets are returned to local houses for revision.
4. For all other areas:
 - 4.1 Leadership Team sets budget guidelines, primarily with respect to expenditures.
 - 4.2 Business Office provides detailed guidelines for budget preparation to department heads, with respect to current year forecasts, operating statistics, staffing and wages and salaries, other expenses, charge backs and capital expenditures.

- 4.3 Business Office also provides actual results, including staffing levels, for first nine months of current year.
- 4.4 Budgets are prepared by, and are the responsibility of, department heads. Department heads forecast the results of the last three months of the current year and add these to first nine months' results. The resulting annual forecast is used as the base from which to develop the ensuing year's budget.
- 4.5 All department budgets are approved by the Administrator.
5. Business Office prepares consolidated operating plan and budget, which is then reviewed by the Leadership Team. If necessary, budgets are returned to department heads for revision prior to final approval by the Leadership Team.

Quarterly Reports

- Each fiscal quarter, the Business Office prepares a comprehensive report of the financial results of all the activities of the Congregation, providing year-to-date actual and budget results, variances from budget and annual budget and prior year results.
- The following statements are prepared:

		Distribution (see below)		
		A.	B.	C.
Report:	Summary of major variances, investment portfolio performance and other significant items	x	x	
Statements:				
Combined:	Statement of Revenues and Expenses, by function	x	x	
	Statement of Revenue and Expenses, by type	x	x	
	Balance Sheet	x	x	
	Supporting Schedules	x		
	Statement of Capital Expenditures	x	x	
	Staffing Schedule (note - compares quarter-end with previous quarter and budget)	x	x	

Revenues:	Summary	x	x
	Statement of Revenues by Type	x	
Operating Depts.:	Summary by administrative grouping	x	x
	Schedule for each dept.	x	x
Local Communities:	Summary by House	x	x
	Statement of Expenses by Type	x	
	Schedule for each House, plus Congregation General	x	x
Mission Support:	Summary by Activity		x
	Schedule by Project, for directly-managed projects	x	x

3. The Quarterly Financial report is prepared by the Business Office and is subject to the review and approval of the Business Administrator and General Treasurer prior to release.

Monthly Reports

1. Business Office prepares monthly departmental expense statements for each operating department, showing year-to-date expenditures and year-to-date budgets.
2. Monthly reports do not form part of the Congregation's formal record, instead they are provided to assist department heads in managing their budgets.
3. Distribution:

Department head	- department statement
Administrator	- all depts., plus summary

Key Statistics

1. Key statistics are developed as part of the annual budget process in certain departments. The purpose is to provide additional information to assess operating productivity (i.e. the cost of individual activities).
2. For example, Food Services department budgets not only its annual operating expenses but also the number of meals to be prepared. The resulting cost per meal is the productivity measurement.
3. Key statistics are established by the Business Administrator after consultation with department heads and are approved by the Leadership Team.
4. Key statistics are developed as part of the regular budgeting cycle.

Revenues

1. With some exceptions, outlined below, revenues are centralized and budgets are prepared by the Business Office.
2. Sisters' incomes are budgeted at current year's forecast, with an unallocated reduction to reflect general changed circumstances.
3. Donation income is not budgeted.
4. Some local communities budget for rental income, donation income and miscellaneous revenues.
5. Local revenue budgets are prepared together with expenditure budgets and follow the same approval process.

Operating Expenses, other than Labour Costs

1. Department heads prepare budgets for operating expenses, and miscellaneous income where applicable, in accordance with the pre-set guidelines.
2. Department heads provide detailed explanations for new spending categories and, with respect to existing categories, for variances from guidelines or from the forecast for the current year.

Capital Expenditures

1. A capital expenditure is defined as an item that has, when acquired, an expected useful life greater than one year, and:
 - a. with respect to furniture and equipment, costs at least \$1,000 per item, or

- b. with respect to buildings, costs at least \$25,000 per item, and must also enhance the value of a Congregation-owned building by increasing its usefulness or extending its life.
2. Department heads prepare capital budgets, including the following information for each item:
 - a. Description
 - b. Cost
 - c. New or replacement
 - d. Estimated purchase date
 - e. Reason/justification for expenditure
3. In addition, department head ranks each item by order of priority.
4. Capital expenditure budgets are consolidated by Business Office for review and approval by the Leadership Team.
5. Approval of capital budgets constitutes approval in principle of the capital expenditures included therein. Additional approvals may be required prior to incurring expenditures or otherwise entering into commitments.

Staffing Levels, Wages, Salaries and Benefits

1. Staffing levels are budgeted by department heads.
2. As part of the annual budgeting cycle, department heads forecast daily scheduling requirements for all employees, by job classification differentiating between full- and part-time employees.
3. Budget worksheets containing this information are submitted to the Business Office.
4. The Accounting Manager uses the worksheets to prepare wage and salary budgets for each department, applying existing pay rates and any budgeted changes, and vacation, sickness, sick bank, relief and overtime and other premium factors.
5. The Accounting Manager and department heads review and agree wage and salary budgets.
6. The Accounting Manager converts budget worksheets to staffing levels (full-time equivalents).
7. The Business Office determines the cost of benefits (mandatory government plans and employer-provided programmes) and calculates the benefits expense for each department based on these costs and on budgeted wages and salaries.
8. Department heads incorporate staffing levels, wages and salaries and benefits expenses into their department budgets.

APPENDIX F

SAMPLE INVESTMENT POLICY

Preamble

The “SAMPLE” Foundation of Canada Inc. (“the Foundation”) has been incorporated as a public foundation and registered as a charity. General Administrative By-law No.1 of the Foundation empowers the directors to administer all of its affairs, but it also requires that certain matters, including the setting of financial policies, be approved by at least 2/3 of the members of the Foundation. By-law No.2 of the Foundation pertains directly to the management of the funds held by the Foundation and requires, among other things, that the funds be administered in accordance with the Foundation’s investment policy.

Therefore, this policy has been developed with the advice of the Finance Advisory Committee, under the supervision of the directors who then adopted and recommended it to the members for approval. This approval was obtained on _____. Also on this date, the directors and the members voted to attach this revised investment policy to By-law No.2, thereby replacing the former investment policy governing management of the Foundation’s funds.

General

1.1 The main purpose of the Foundation is to receive and maintain a fund and to apply all or part of the principal and income therefrom from time to time:

- for the care, support and development of the Canadian members of the “CONGREGATION”, and
- for the advancement of “MINISTRIES, etc. of the CONGREGATION”.

In general, the Foundation achieves its purpose through donations from the Foundation to “CONGREGATION”, subject to the approval of the Foundation’s directors.

1.2 Due care shall be taken with the investment of Foundation funds so that:

- they are invested in a manner consistent with the life and mission of the “CONGREGATION”
- losses are minimized
- the negative effects of inflation are minimized
- sufficient amounts are available to meet future commitments, and
- they earn a reasonable rate of return.

1.3 The Foundation will have a balanced portfolio which will

- achieve secure growth to at least preserve the purchasing power of the investment portfolio,
- provide income to fund the purposes of the Foundation, and

- comply with the investment provisions of the Trustee Act (Ontario).

1.4 To safeguard Foundation funds, its directors should:

- seek professional advice and management, including advice from the Finance Advisory Committee of the “CONGREGATION”,
- continually assess the performance of investment managers, and
- consider the future needs of the “CONGREGATION” as communicated by its leadership.

1.5 Investment managers will be selected by the Foundation’s directors with care. They should have a solid reputation and broad experience in the investment field. They must also be ready and willing to:

- take care that investments are in accordance with the Foundation’s ethical investment policy,
- avoid high risk or speculative investments,
- ensure that the investments are marketable i.e. readily convertible into cash,
- ensure good portfolio mix/diversification,
- endeavor to achieve maximum return after giving priority to security,
- marketability and social responsibility,
- ensure that the expected total return from income and the appreciation of capital matches the cash flow needs of the Foundation,
- take the long-term view, including consideration of general economic conditions and the possible effect of inflation or deflation,
- conform to civil law, including the Trustee Act (Ontario),
- ensure that monthly reports are received regularly, and
- make a regular review of performance against agreed objectives and benchmarks as well as prospects for the forthcoming period relative to market conditions at the time.

1.6 The directors of the Foundation should establish who is internally responsible for the investment portfolio on a day-to-day basis. This individual (or her authorized representative) should be the one to communicate with investment managers. Unless indicated otherwise by the directors, the person internally responsible for the Foundation investment portfolio is the Foundation’s Treasurer.

2. Investment Mix and Eligible Investments

2.1 The investment mix is established by the directors of the Foundation from time to time. It is re-balanced from time to time to ensure that the asset mix conforms to its stated purposes and the current cash flow forecast.

2.2 The current desired mix is as follows:

- Equities (including income trusts and other equity-like instruments) 15 – 30%
- Fixed income or cash and equivalents 70 – 85%

2.3 The investment managers may on occasion operate outside these limits after obtaining the written (including faxed) agreement of the Foundation's Treasurer.

2.4 Allowable investments within the above categories are as follows:

Equities:

Equity investments may be made only in entities which are quoted on recognized stock exchanges in Canada, the U.S.A., or Europe. Investments designated in currencies other than the Canadian dollar are limited to no more than 20% of the total equity portfolio.

Eligible investments include common shares, warrants, rights, preferred shares, income trusts, and convertible securities (including preferred shares and debentures).

Any one holding may not exceed 5% of the Foundation's total equity portfolio or 5% of any class of security of any one corporation.

It is up to the Foundation's Treasurer to provide individual managers with customized investment limits which will ensure that they maintain compliance with these overall equity portfolio limits.

Fixed Income:

Bond and other debt investments are to be primarily in Canadian bond issues and are to be mainly in issues guaranteed by the Government of Canada and Canadian provincial governments. Corporate bonds are allowed within the parameters set out below.

Investments in bonds or other debt instruments are subject to the following criteria:

1. investments may be made only in marketable issues distributed in Canada,
2. securities must be denominated in Canadian currency, and
3. securities are limited to those of A-1 (or R-1 mid) quality or better, as rated by the Canadian Bond Rating Service or Dominion Bond Rating Service.

With the exception of Government of Canada or Canadian provincial government issues or issues guaranteed by these entities, no more than 10% of the portfolio is to be invested in any one issuer, including affiliates. It is up to the Foundation's Treasurer to provide individual managers with a customized individual investment limit which will ensure that they maintain compliance with this overall fixed income portfolio limit.

Other Investments and Prohibited Investment Activities:

Investments in other instruments are subject to the prior written approval of the Foundation Treasurer. Other instruments include the following:

- mutual funds
- real estate
- mortgages

Investments in non-public corporations, including private placements, derivatives such as futures, swaps, options or similar products are not permitted.

2.5 The manager is given full discretion to select individual securities and to diversify assets within the above parameters, subject to the parameters set out in section 3 concerning socially responsible investment. They may also advise the Foundation Treasurer or her/his designates regarding periodic strategic adjustments to the asset allocation policy.

2.6 Short sales, margin purchases, direct lending or borrowing of money, and commodity or derivative trading are not permitted.

3. Socially Responsible Investment

3.1 Socially responsible investment, often referred to as ethical investment, refers to investment in companies, or other investment vehicles, based upon social, environmental and corporate governance considerations and the responsible use of investor rights (e.g. voting rights) to influence corporate behaviour.

3.2 No investments are to be made in industries or entities that are considered socially undesirable, as determined by the Foundation's directors from time to time. Efforts will also be made to favour investment in companies which are contributing to society in a positive way.

Some of the criteria to be considered by the Foundation's directors and its managers in excluding certain investments are as follows:

- enterprises which have a predominant orientation towards instruments or technologies of war, and/or
- enterprises which do not respond to problems of ecological balance and/or pollution, and/or
- enterprises that do not contribute to an enhanced quality of life and an improved social fabric, and/or
- enterprises that contribute significantly to the activities of oppressive governments.

The Foundation may provide a list of certain companies in which investment would be prohibited.

3.3 It is recognized that the selection of ethical investments is not a precise art and other considerations may need to be observed. In today's multinational conglomerate business community it is highly unlikely that all prospective investment opportunities will perfectly meet the criteria. There is an expectation that managers will improve efforts to invest in a socially responsible manner.

4. Performance Monitoring

4.1 The target rate of return, after all management fees, is 3% to 4% above the rate of inflation, measured over a four-year moving average, while at all times adhering to the other requirements set out in these investment policies.

4.2 Investment performance is assessed by the Foundation's directors on a quarterly basis.

4.3 The fund managers shall submit a quarterly report on:

- economic outlook,
- investment activities, and
- investment performance during the previous quarter, one year, three years, five years and from inception, relative to other comparable funds managed by other managers, market indices, inflation and the target rate of return. Explanations of significant variances should be provided.

4.4 A simplified report is to be submitted monthly including details of investment activities. These reports must include the adjusted cost of investments as well as their current market value. Where investments are handled by a custodian on behalf of an investment manager, monthly statements indicating all investment activity and balances should be submitted directly to the Foundation by the custodian.

4.5 The investment managers shall meet with the Foundation's representatives quarterly, or as requested, to discuss performance results, economic outlook, investment strategy, tactics, risks, organizational changes and any other pertinent matters.

APPENDIX G

SAMPLE AUTOMOBILE FLEET POLICY

In fulfilling our mission, cars are assigned according to needs considered in the light of the values of common life, simplicity and stewardship.

Rationale

Cars are provided as a means to facilitate engagement in congregational and apostolic activities and to meet basic needs of the sisters.

1. Procurement and Assignment

- 1.1 Cars are purchased and assigned by the General Treasurer's Office (GTO) in consultation with those who will be using them.
- 1.2 Cars are replaced by the GTO based on the age, odometer reading and condition of the care.
- 1.3 In determining the number of cars required, consideration is given to:
 - 1.3.1 The number of sisters,
 - 1.3.2 The numbers of drivers,
 - 1.3.3 The ministry needs of the sisters,
 - 1.3.4 The cost of a car versus cost of taking a taxi,
 - 1.3.5 Other relevant information
- 1.4 In determining the car to be purchased, consideration is given to:
 - 1.4.1 Particular needs of the driver(s) or the house
 - 1.4.2 Energy and efficiency
 - 1.4.3 Cost of efficiency

2. Utilization

- 2.1. A car designated for use by a sister in her ministry is made available to others in the local community when not being used for ministry.
- 2.2. Sisters who drive are asked to be mindful of the needs of the sisters who do not drive.

3. Records and Maintenance

- 3.1. The following are to be kept in the car at all times:
 - 3.1.1. Photocopy of vehicle permit
 - 3.1.2. Original insurance certificate
 - 3.1.3. The owner's manual
 - 3.1.4. Automobile accident report kit

- 3.2. A file for each car is to be maintained in the house with a record of maintenance and repairs (invoice copies)
- 3.3. The principal driver or a sister assigned in a local house is responsible for care and maintenance of each car, according to recommended maintenance (as per owner's manual and conditions of warranty).
- 3.4. When a car needs major repairs beyond what is to be expected, the sister responsible for the maintenance of the car is asked to check with the GTO who will contact our insurance company and follow-up with the driver re: repairs.
- 3.5. If a car is involved in an accident the driver should follow the protocol for the Province where the accident occurs and notify the GTO who will contact our insurance company and follow-up with the driver re: repairs.

4. Car Rental

- 4.1. Sisters renting a car in Canada or the USA are covered by our fleet insurance. They should take information about our coverage with them.
- 4.2. Sisters traveling outside of Canada and the USA who intend to rent a car for which they will be the sole driver should request through the GTO and Enhanced Feature MasterCard for the duration of the trip. This is so that they may waive purchase of car insurance.

APPENDIX H
SAMPLE TABLE OF CONTENTS FOR HUMAN RESOURCES POLICY MANUAL

INTRODUCTION

1. RECRUITMENT

- 1.1 Equal Opportunity Employer
- 1.2 The Job Description
- 1.3 Recruitment Advertisements and Sourcing
- 1.4 Promotions (permanent and temporary) and Transfers
- 1.5 The Interview
- 1.6 References
- 1.7 The Hiring Decision
- 1.8 Offer of Employment
- 1.9 Costs Related to Document Provision
- 1.10 Unsuccessful Candidates

2. PROBATION AND TRIAL PERIOD

- 2.1 Procedure – Probationary Period
 - 2.1.1 Length and Review*
 - 2.1.2 Termination*
 - 2.1.3 Extension*
 - 2.1.4 Benefit Eligibility*
 - 2.1.5 Employee Status Category*
- 2.2 Procedure – Trial Period
 - 2.2.1 Length and Review*
 - 2.2.2 Successful Trial Periods*
 - 2.2.3 Unsuccessful Trial Periods*

3. ORIENTATION

- 3.1 Employee Orientation
 - 3.1.1 Prior to New Employee's Arrival*
 - 3.1.2 The First Day*
- 3.2 Document Processing
- 3.3 Meeting and Orientation Checklist

4. EMPLOYEE FILE

- 4.1 Employee File
- 4.2 Changes in Employee Information
- 4.3 Adverse Reports

4.4 Access to File

5. EMPLOYEE STATUS

- 5.1 Category Definitions
- 5.2 Eligibility for Benefits
- 5.3 Service

6. HOURS OF WORK

- 6.1 Notification
- 6.2 Attendance Reports
- 6.3 Changes to the Schedule

7. PAY AND OVERTIME

- 7.1 Equal Pay for Equal Work
- 7.2 Compensation Determination
- 7.3 Annual Increases
- 7.4 Payment of Premiums
- 7.5 Pay Periods
- 7.6 Pay Method
- 7.7 Prompt and Timely Payment
- 7.8 Pay in Advance for Vacation Leave
- 7.9 Payroll Errors
- 7.10 Overtime
 - 7.10.1 Payment of Overtime*
 - 7.10.2 Time in Lieu of Overtime Rates*
 - 7.10.3 Overtime Due to Employee's Choice*

8. ALLOCATION OF EXTRA SHIFTS AND OVERTIME

- 8.1 Procedure for Allocation
 - 8.1.1 Regular Time Extra Hours/Shifts*
 - 8.1.2 Overtime Hours/Shifts*
- 8.2 Management Right

9. BENEFITS

- 9.1 Health Insurance
- 9.2 Long Term Disability
- 9.3 Employee Assistance Plan
- 9.4 Cost Sharing
- 9.5 Registered Retirement Savings Plan

- 9.6 Enrolment in Benefit Plan
- 9.7 Contribution toward Benefit Premiums While on Unpaid Leave
- 9.8 Application
- 9.9 Disclaimer

10. VACATION

- 10.1 Procedure
 - 10.1.1 Vacation Year*
 - 10.1.2 Entitlement*
 - 10.1.3 Scheduling*
 - 10.1.4 Vacation Advances*
 - 10.1.5 Carry-Over of Vacation*
- 10.2 Substitutions
 - 10.2.1 Holiday Substitution*
 - 10.2.2 Sick Leave Substitution*
 - 10.2.3 Bereavement Substitution*
- 10.3 Accumulation of Vacation While on Leave
- 10.4 Vacation Pay upon Termination or Retirement

11. SICK LEAVE AND DISABILITY MANAGEMENT

- 11.1 Eligibility
- 11.2 Entitlement
- 11.3 Notification
- 11.4 Medical Certificate
- 11.5 Medical Care Leave
- 11.6 Extended Medical Leave/Long Term Disability
- 11.7 Workplace Health, Safety and Compensation (WHSCC) Coverage
- 11.8 Return to Work
- 11.9 End of Coverage with No Return to Work
- 11.10 Employee Assistance Program

12. OTHER LEAVE

- 12.1 Notification
- 12.2 Authorization of Unpaid Leave
- 12.3 Impact on Service
- 12.4 Types of Leave
 - 12.4.1 Bereavement Leave*
 - 12.4.2 Pregnancy/Parental/Adoption Leave*

- 12.4.3 Jury and Witness Duty*
- 12.4.4 Educational Leave*
- 12.4.5 Voting Time-off*
- 12.4.6 Personal & Family Responsibility Leave*
- 12.4.7 Compassionate Care Leave*
- 12.4.8 Reservist Leave*
- 12.4.9 Inclement Weather*

13. HOLIDAYS

- 13.1 Eligibility and Pay for Not Working on the Holiday
- 13.2 Employees Who Work on a Holiday
- 13.3 Holiday on a Weekend
- 13.4 Holiday on a Day-off
- 13.5 Holiday during Vacation
- 13.6 Holiday during Sick Leave

14. EMPLOYEE CODE OF CONDUCT

- 14.1 Non-Discrimination
- 14.2 Attendance, Punctuality and Dependability
- 14.3 Dress and Appearance
- 14.4 Confidentiality
- 14.5 Respectful Workplace
 - 14.5.1 Informal Process If Employee Feels Disrespected or Harassed*
 - 14.5.2 Formal Process if Employee Feels Disrespected or Harassed*
- 14.6 Conflict of Interest
- 14.7 Smoking
- 14.8 Drug and Alcohol
- 14.9 Phone and Computer Use (includes cell phones)
 - 14.9.1 Company Owned and Supplied Devices or Vehicles*
 - 14.9.2 Personal Owned Devices and Vehicles*
- 14.10 Privacy and Protection of Personal Information*

15. PROFESSIONAL DEVELOPMENT

- 15.1 Procedure
 - 15.1.1 Criteria for Approval*
 - 15.1.2 Reimbursement Process*
- 15.2 Leave for Professional Development Purposes

16. OCCUPATIONAL HEALTH & SAFETY

- 16.1 Responsibility for OH&S
- 16.2 Reporting
- 16.3 Right to Refuse Unsafe Work
- 16.4 Fire and Evacuation Procedures
- 16.5 Violence Prevention

17. DISCIPLINE

- 17.1 Progressive Discipline
- 17.2 Types of Offences and Possible Termination
- 17.3 Due Process
- 17.4 Employee File

18. COMPLAINT PROCEDURE

- 18.1 The Process

19. TERMINATION & RESIGNATION

- 19.1 Process
- 19.2 Exit Interview
- 19.3 Return of Property and Password Information

20. RETIREMENT

- 20.1 Notification of Retirement
- 20.2 Exit Interview
- 20.3 Return of Property and Password Information