

CONGREGATION
FOR INSTITUTES OF CONSECRATED LIFE
AND SOCIETIES OF APOSTOLIC LIFE

**Guidelines for the Administration of
the Assets in Institutes of Consecrated
Life and Societies of Apostolic Life**

Circular Letter



LIBRERIA
EDITRICE
VATICANA

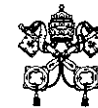
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*From everyone who has been given much,
much will be demanded;
and from the one who has been entrusted with much,
much more will be asked*

(Luke 12:48)

**Guidelines for the Administration
of the Assets in Institutes of Consecrated Life
and in Societies of Apostolic Life**

CIRCULAR LETTER



LIBRERIA EDITRICE VATICANA

Dear Brothers and Sisters,

The field of economics is a means of missionary activity for the Church. To follow up on the Symposium: *Management of Ecclesiastical Assets of Institutes of Consecrated Life and Societies of Apostolic Life in the Service of Humanity and the Mission of the Church*, which took place in March of this year and in which a large number of General Superiors and Treasurers participated, this Dicastery wishes to address some issues relative to this topic to those responsible at various levels and would like to recommend some fundamental principles of management of our assets and to offer some useful suggestions for the reorganization of our apostolic works.

The Symposium stressed that the assets of Institutes of Consecrated Life and Societies of Apostolic Life are “ecclesiastical assets”. In fact, these Institutes and Societies are “public juridic persons,”¹ established by the competent author-

¹ *Code of Canon Law*, 1257 §1.

ity so that “within the purposes set out for them, they fulfill in the name of the Church, according to the norms of the precepts of the law, the proper function entrusted to them in view of the public good.”² For this reason, the demands of fiscal assets should never exceed “the ‘ends’ to which they should serve and from which they should sense restraining limitations, the generosity of the investment, and the spiritual significance.”³

In addition to the understanding of the meaning and purpose of ecclesial assets, the Symposium offered through reports, reflections and meetings some good examples for the management and administration of ecclesial assets. It was further pointed out that transparent and professional management are useful tools for the mission of each Institute.

From the reflections there emerged at the outset the recollection of the innovative and prophetic choices made by consecrated men and women through the centuries which were put to the service of civil society. Such choices are just

² *Code of Canon Law*, 116 §1.

³ PAUL VI, *General Audience*, 24 June 1970.

as urgent in the current socio-economic context where the prophetic witness of consecrated persons is essential.

The economic dimension is intimately connected to both the person and the mission. Through financial transactions vital choices are made which should reflect the evangelical witness, being always mindful of the needs of our brothers and sisters.

This evangelical dimension of our finances should not therefore be neglected in the formation process, especially in the training of those who will have responsibility for government and who will have to administer economic matters with principles of selflessness, loving care and justice, based upon evangelical economics of sharing and of communion.⁴

The founding charism is fully incorporated into the “logic of the gift,” which “does not exclude justice nor does it find itself in a secondary role.” It is as in being a gift, that we consecrated men and women make a real contribution to economic, social and political development which, “if it seeks to be authentically human”

⁴ Cf. *At* 4:32-35.

should “make room for the principle of gratuity as an expression of fraternity.”⁵ “Gift by its nature goes beyond merit, its rule is that of superabundance.”⁶

These guidelines and principles for management of assets are offered as a help so that Institutes may respond with renewed courage and prophecy to the challenges of our time, continuing to be a prophetic sign of the love of God.

This Congregation for Institutes of Consecrated Life and Societies of Apostolic Life asks that you make these guidelines and principles known to the members of the Institute, particularly to Superiors and Treasurers. We also request that you send by January 31, 2015 a letter to His Excellency José Rodríguez Carballo, O.F.M., Archbishop Secretary, with reflections and suggestions as to how to improve and render more fruitful the resources that Providence has provided the Church to facilitate a more effective implementation of its mission to serve Christ and the poor through the respective charisms.

⁵ BENEDICT XVI, Encyclical Letter *Caritas in Veritate* (29 June 2009), 34.

⁶ *Ibidem*.

1. Management of Assets

This first section examines some elements and procedures that promote the proper and sound management of assets in Institutes of Consecrated Life and Societies of Apostolic Life.

1.1. *Charism, Mission, Works and Planning*

“Fidelity to the founding charism and to the subsequent spiritual heritage of each Institute”⁷ is, together with the demands of the Gospel, the first evaluative criteria for decisions and actions that take place at every level, because “the nature of the charism directs their energies, sustains their fidelity and directs the apostolic work of all towards the one mission.”⁸

It is necessary, therefore, to undertake a review of the mission as an expression of the charism to verify if the charismatic identity of established works continues to emerge in the current operational activities. Apostolic works change according to the needs of the times and

⁷ JOHN PAUL II, Apostolic Exhortation *Vita Consecrata* (25 March 1996), 36.

⁸ *Ibidem*, 45.

assume different expressions depending on the social context and cultural development. It may happen, in fact, that works are no longer managed in a manner consistent with the current expression of the mission, and properties are no longer run as works which express the charism.

Therefore it is necessary that every Institute of Consecrated life and Society of Apostolic Life should:

- Determine which works and activities it should continue, which should be eliminated or modified, and which new frontiers it should begin to pursue and demonstrate as responding to today's needs in full fidelity to its own charism;

- Implement procedures that allow good planning for the use of resources, the use of budgets and budget forecasting, review and follow-up on budget variances, managerial supervision, careful reading of financial statements, and decisions regarding subsequent steps to be taken as needed. Such procedures are indispensable for both the opening of new works as well as for making informed decisions regarding discontinued operations or alienation of property;

- Draw up long-term plans and projections so as to prevent, as far as possible, potential problems or to address issues while they are still manageable;

- Use budgeting not only for the works but also for communities as a means to educate members of the Institute regarding the economic dimensions of our lives, to increase common awareness in this area, and to verify the actual degree of personal and communal poverty;

- Initiate an appropriate system of monitoring works with operational deficits, introduce plans for reducing the deficit and overcoming a welfare mentality: covering the operational losses of a work without having resolved the management problems results in continued dissipation of resources that could be used for other works;

- Be attentive to the sustainability (spiritual, relational and economic) of the works and, if not assured, review the works themselves;

- Create where necessary new structures which are adaptable and easy to manage, less time consuming, and in times of vocational difficulty easily transferable or downsized without significant management costs.

1.2. *Transparency and supervision: guarantee of integrity*

Evangelical witness requires that the works are managed in full transparency, in compliance with canon and civil law, and made to address poverty in all of its manifestations.

Transparency is critical to the efficiency and effectiveness of the mission.

Supervision and appropriate controls are not intended to be means of limiting the autonomy of an entity, nor are they signs of a lack of confidence. Rather they express the service of communion and transparency, as well as providing protection for those with the delicate tasks of administration.

Supervisory practices, in the manner articulated both by universal law and those internal to an institution, not only reflect the need to guide superiors, but also encompass an essential element of the nature of church assets and their public character, which are means to attain the proper purposes of the Church.⁹

So as to achieve these objectives Major Superiors together with their Councils should:

⁹ Cf. *Code of Canon Law*, can. 1254.

- Develop internal control systems appropriate to the size of the works, based on proper segregation of duties and with a clear system of authorizations;

- Ensure that the mission implemented through the assets is in accord with the principles of the Gospel and at the same time done in a cost-effective manner;

- Have a clear understanding of how all the works within each province are managed, both those owned by the Institute as well as those promoted by or emanated from the Institute (i.e. associations);

- Approve investment policies and annual budgets prior to the beginning of the fiscal year;

- Require proper documentation and record keeping of financial transactions.

Treasurers should:

- Present periodic reports to the Major Superiors and their Councils regarding the administrative, managerial and financial state of the Institute, the Province or the individual work;

– Document all transactions and contracts according to the established legal requirements of the respective civil state;

– Use modern systems for the storage and archiving of data.

1.3. *Reports and Balance Sheets*

Pope Francis in his message at the Symposium invited the participants to combine the priority of the charismatic/spiritual primary dimension with the economical dimension and efficiency, which has its own appropriate *humus* in the administrative tradition of the Institutes, which does not tolerate waste and is attentive to the good use of resources.¹⁰

Consistent with this directive are crucial procedures relative to the reporting of financial statements. In particular it is desirable that Institutes establish the practice of differentiating the financial reports of the works from those of the com-

¹⁰ FRANCIS, *Message* to the participants at the International Symposium on the topic of “*The Administration of Ecclesiastical Assets of the Institutes of Consecrated Life and the Societies of Apostolic Life for the Service of Humanity and of the Mission of the Church*”, 8 March 2014.

munities. The establishment of common accounting practices and financial statements for all the entities of the Institute (regions, communities, works, services) is a necessary step to standardize at both national and international levels the creation of financial statements.

The Institutes of Consecrated Life and Societies of Apostolic Life should therefore:

– Draw up annual financial statements in accordance with uniform international norms, introducing commonly accepted national and international rules of accounting, models of reporting, and evaluation criteria for balance sheet items;

– Introduce, for all works, external certification of financial statements and so-called audits, attestations of appropriate economic administration on the part of the Institutes;

– Request support from qualified experts willing to serve the Church as well as from professors of financial management both at Catholic universities and other institutions of higher learning. Transparency and reliability of both patrimonial and administrative balance sheets in fact may well be better executed through the aid of experts

thereby ensuring the adoption of appropriate procedures, taking into account the size of the Institute and its works.

Please take note that this Congregation for the Institutes of Consecrated Life and Societies of Apostolic Life can not grant permissions for financial proposals should audited statements not be provided.

1.4. *Management of Assets and Stable Patrimony*

It is understood that patrimony consists of all fixed and movable assets, all rights, assets and liabilities of the juridic person. This patrimony, which is essential to the life of the institute, cannot be put at risk.

In light of this it is critical to rethink and deeply study, in the respective ecclesial and legislative contexts, the canonical norms pertaining to the so-called “stable patrimony”. The Code of Canon Law does not explicitly define this. It presumes the classical understanding, emanating from the canonical doctrine of “assets legitimately designated”¹¹ as being a per-

¹¹ Cf. *Code of Canon Law*, can. 1291.

manent endowment (whether capital goods or income) of the juridic person for the purpose of facilitating the realization of the goals of the institute and ensuring economic self-sufficiency.

In general, the following assets are considered elements of the stable patrimony: the foundational endowment of the entity, donor-restricted gifts received by the entity itself, and assets so designated by the governing body of the entity. In order for an asset to be considered a part of the stable patrimony of a juridic person a “legitimate designation”¹² is required.

This Dicastery, therefore, requests that:

– Every Institute of Consecrated Life and Society of Apostolic Life, after careful evaluation of its overall structure and its works, develop a list of all the assets belonging to the stable patrimony in such a way that reflects the current situation, as with respect to civil law;

– The Major Superior along with his/her Council or with a body so designated by the Institute’s law (General Chapter, provincial

¹² Cf. *Ibidem*.

or other similar assemblies) should legitimately designate assets through an appropriate deliberation.

The obligatory inclusion of the concept of stable patrimony should be found in the Constitutions or at least in some other set of laws of the Institute.

This norm not only provides an opportunity called for by canonical legislation, but also in some cases offers a timely solution for safeguarding the continuity of the Institute as a public juridic person.

2. Collaboration with the local Church, other Institutes and Consultants

2.1. Relationship with the local Ordinary and the local Church

The mission of consecrated life is universal, and many institutes embrace a global mission, but it is incarnated in specific local situations. The Institutes in their diverse articulations, are in constant relationship with both the universal Church and the local Church.

– Dialogue with the local Ordinary is important when Institutes have plans to close houses or works¹³ or to alienate property.

– Before making decisions relative to a specific territory, it would be good if the Major Superiors share their intentions with other Institutes present in the region in such a way so as to avoid leaving a city or a diocese without the presence of religious.

2.2. Relationships with Collaborators and Consultants

Given the complexity of the economic and financial issues with respect to the management of goods and works, it is now almost impossible to do so without the collaboration of professionals, the laity, or members of other Institutes.

However two extremes should be avoided: on one hand not seeking the service of consultants so as to save money thereby risking running into legal, economic or tax difficulties, and on the other hand squandering the Institute's resources through ongoing consult-

¹³ Cf. *Code of Canon Law*, can. 616 §1.

ing, sometimes undertaken without appropriate reflection, which does not always produce effective results.

It is good to remember, however, that the ultimate responsibility for administrative, economic, or financial decisions can never be handed over to members of the laity or to those of other Institutes. Consultants can be of help but they cannot assume the responsibility of the Institute.

In this regard:

– It is necessary to make use of lay collaborators in the areas in which the Institute lacks the necessary professional skills or technical expertise among its members;

– Relationships with professionals should be entered into with clear contractual obligations and established time frame for the services provided;

– It can be a great help to Institutes to have advisory commissions which include members of other Institutes or of the laity, with clear guidelines stating the purpose of the commission and the length of service of its members.

2.3. *Relationship and Collaboration with other Institutes*

Collaboration among Institutes (already discussed in a document on formation from this Congregation)¹⁴ has resulted in significant pastoral and charitable interaction within the local Churches. It is now time to strengthen this collaboration through a stronger ecclesial strategy. The sharing of resources, projects and activities should not be seen primarily as to safeguard the continuity of the works, but rather to promote the charismatic and ecclesial contribution.

Collaboration with other religious institutions (in terms of sharing best practices, working together on common projects, initiating new ways to serve the Church) enhances the administration and management of resources and the effectiveness of the mission of each Institute.

The Conferences of Major Superiors are a great help in promoting cooperation between Institutes. In addition to encouraging collabora-

¹⁴ CONGREGATION FOR INSTITUTES OF CONSECRATED LIFE AND SOCIETIES OF APOSTOLIC LIFE, Instruction *La Collaborazione inter-istituti per la formazione* (8 December 1988).

tion and dialogue, they can provide valuable assistance and useful information, especially as regards civil law.

3. Formation

Formation with respect to economic issues in the context of an Institute's own charism is fundamental, if apostolic choices are to be at once both innovative and prophetic.

In almost all Institutes, economic matters are entrusted to one person, namely the treasurer, who is given a duty requiring technical skills. This has generated lack of interest regarding finances among other members of the community, resulting in their losing touch with the cost of living and the burdens of management, a distancing from the surrounding reality, and a dichotomy between finances and mission.

The training of treasurers, moreover, is not always adapted to current trends or to the evolving role of the treasurer moving from a perspective of financial reporting to one of management.

Therefore:

- Major Superiors should be aware that not all management practices correspond to evangelical principles, nor might they be in accord with the social teachings of the Church;

- Initial formation should include programs on finances and management, on the costs of community life and the costs of the missions, as well as on accountability for living the vow of poverty in the context of the current socio-economic situation;

- The training of treasurers should sensitize the brothers and sisters to the evangelical principles on which financial transactions are based and also provide them with the skills to carry out their financial duties according to the guidelines of good management;

- All members of the Institute should be cognizant of the important discipline of working with budgets and financial projections, making sure that they are reflective of the values and spirit of the Institute, and understand them as real means of preparation in the financial dimensions of the Institute's mission and works;

- Treasurers should be helped and assisted to carry out their roles as ones who serve and

not as ones who control, and to be both generous and prudent in ensuring the availability of assets for the apostolate and the mission;

– Members of the laity who collaborate with the Institute (either as consultants or as employees) should be aware that they work in an Institute which is marked by a distinctive charism and which sees the purpose of its assets, in the spirit of poverty, to be for the development of the mission.

These guidelines, dear Brothers and Sisters, have the sole purpose of assisting you in your critical role as leaders of various religious families.

Our Dicastery, in complete fidelity to the directives and guidelines of the Holy Father, is happy to offer this service in the certain belief that in living out the financial dimension of our lives in a manner consistent with the Gospel, the Institutes of Consecrated Life and Societies of Apostolic Life will rediscover new apostolic means for continuing their specific mission in the world.

In a very real sense the Holy Father addresses us in the mandate implicit in his words: “My mission of being in the heart of the people

is not just a part of my life or a badge I can take off; it is not an “extra” or just another moment in life. Instead, it is something I cannot uproot from my being without destroying my very self. *I am a mission* on this earth; that is the reason why I am here in this world. We have to regard ourselves as sealed, even branded, by this mission of bringing light, blessing, enlivening, raising up, healing and freeing,”¹⁵ thus our communities will receive “the most beautiful gifts of the Lord.”¹⁶

Promising to remember all of you to the Lord, we offer our deepest appreciation.

Vatican City, 2 August 2014

Saint Mary of the Angels of Porziuncola

JOÃO BRAZ Card. DE AVIZ
Prefect

✠ JOSÉ RODRÍGUEZ CARBALLO, O.F.M.
Archbishop Secretary

¹⁵ FRANCIS, Apostolic Exhortation *Joy of the Gospel* (24 November 2013), 273.

¹⁶ *Ibidem*, 272.