

The National Fraternity of the Secular Franciscan Order — USA

Statement of Purposes

The Secular Franciscan Order is an “Association of the Christian Faithful.” [1] More specifically, it is an association whose members lead an apostolic life and strive for Christian perfection while living in the world and who share the spirit of some religious institute [i.e. one of the branches of the Franciscan First Order and the Third Order Regular] under the higher direction of that same institute. . . .” [2] It is governed by the universal law of the Church, and by its own: the Rule, the Constitutions, the Ritual, and the particular statutes.[3] The Constitutions have as their purpose: to apply the Rule; to indicate concretely the conditions for belonging to the SFO, its government, the organization of life in fraternity, and its seat.[4] The Secular Franciscan Order is divided into fraternities of various levels - local, regional, national, and international. Each one has its own moral personality in the Church[5]. These various fraternities are coordinated and united according to the norm of the rule and of the constitutions.[6] In order to implement the “. . . precise criteria regarding the purpose of the juridical person” [i.e., the individual fraternity at each level] required by Article 54.2 of the General Constitutions as apply in the civil law, the National Fraternity Council of the SFO-USA has approved the following statement for local and regional fraternities to be included in their establishing documents:

The fraternity as an individual, component unit is organized to promote the purposes of the Secular Franciscan Order in the United States of America through fraternal activities at the local and regional levels for the benefit of the Secular Franciscan Order, and to do any thing or act incidental to or connected with the foregoing purposes or advancement thereof but not for the pecuniary profit or financial gain of its members, directors (i.e. council members) or officers. All income and earnings of the fraternity shall be used exclusively for the fraternity’s purposes and no part of the net income, net earnings or assets of the fraternity shall inure to the benefit or profit of any private individual, firm, corporation or association.

The fraternity is organized exclusively for tax-exempt purposes as that term is defined in Section 501(c)(3) of the Internal Revenue Code and shall not carry out any activities not permitted to be engaged in by an entity exempt from federal income tax. No substantial part of the activities of the fraternity shall be the carrying on of propaganda or otherwise attempting to influence legislation and the fraternity shall not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public service.

No member, trustee or officer of the fraternity or any other private individual shall be entitled to share in the distribution of any of the fraternity’s assets upon the dissolution of the fraternity. No member, director or trustee of the fraternity shall receive any salary, other compensation or pecuniary profit of any kind for services as such member, director or trustee other than reimbursements of actual and necessary expenses in the performance of his or her duties as such member, director or trustee.

In the event of the dissolution of the fraternity or the winding up of its affairs, the fraternity’s property shall not be conveyed or distributed to any individual or organization created or operated for profit or to any individual for less than fair market value but shall, after necessary expenses thereof, (including payment of the fraternity’s debt) be distributed to the next higher fraternity (which has been created and operated for non-profit purposes similar to those of this fraternity and qualifies under Section 501(c)(3) of the Internal Revenue Code.)

Approved November, 2003 by the National Executive Council.
Certified by Elizabeth Allen, SFO, Secretary.

1. See Code of Canon Law, Can. 298.

2. See Code of Canon Law, Can. 303.

3. See General Constitutions, Article 4, 1.

4. See General Constitutions, Article 4, 3; also Code of Canon Law, Can. 304.

5. See Code of Canon Law, Can. 687 [309,313].

6. See Rule of the Secular Franciscan Order, 20.

Fraternity Internal Controls and Treasury Guidelines

Introduction

Canon 1284 of the Code of Canon Law (1) provides that all administrators are to perform their duties with the diligence of a “good householder.”

Internal control has been defined as the overall plan of organization and the methods employed to safeguard assets, ensure the reliability of accounting data, promote efficient operations and ensure compliance with established policies. An internal accounting control system should provide reasonable assurance that: assets are safeguarded; the financial records reflect all financial transactions that have occurred; financial reports are accurate; and, there is proper oversight of the person(s) responsible for cash custody and accounting.

In accordance with Article 54.2 of the General Constitutions, which calls for “. . . precise criteria regarding. . . the administration of its material goods and the relevant internal controls,” the National Fraternity-SFO-USA has approved the following guidelines for use by local and regional fraternities. *[NAFRA National Statutes, Article 18(12) states: “As required by article #54.2 of the General Constitutions, the National Executive Council shall approve statements for use by the Local Fraternities that establish “precise criteria” for their statement of purposes” and “internal controls” which must be used in their establishing documents. Article 25(4) is identical except for reference to Regional Fraternities.]*

General

[Note: General Constitutions, Article 51(5) states: “. . .The provisions regarding the rights and duties of . . . the treasurer apply, with the appropriate adaptations, to all levels.”]

1. The treasurer, whether appointed or elected, must have the necessary skills to adequately discharge the duties incumbent upon this important office (Note: In fraternities in which the councilors are elected as a block instead of by individual offices, the new council portions out the responsibilities at its first official meeting. (See CNSA, “Suggested Election Procedures To Complement and Clarify the Norms Established by NAFRA”, 17(b)).

2. It is never appropriate to have the minister or spiritual assistant act as treasurer. *[General Constitutions, Article 82 states: “The following are incompatible: . . . (b) The offices of minister, vice-minister, secretary and treasurer at the same level.”]* However in emergency situations, e.g., the treasurer resigns, or is temporarily unable to carry out his or her duties, the minister may function as treasurer for two or three months while a replacement is sought or the treasurer is able to resume his or her duties.

3. It is the council’s responsibility to make sure the treasurer is maintaining adequate records and discharging the duties of the office in a Franciscan manner. At a minimum, the council should provide for an audit of the treasurer’s records at least just prior to the end of his or her term of office. *[General Constitutions, Article 62(2) states: “The regional council has the following duties: . . . (j) To have, before its term of office is finished, the regional fraternity’s financial and real estate situation audited either by an expert who is not a member of the council or by the fraternity’s board of examiners.” Also, NAFRA National Statutes, Article 4, #5 states: “In accord with article #54.3 of the General Constitutions, for the fraternities at each level, a financial audit must be done every 3 years, just prior to the end of the Council’s term of office. This audit may be conducted by a professional accountant who is not a member of the fraternity Council, or by a “board of examiners” established by the particular fraternity (consisting of two or more experts selected at large by the membership who are not also members of that fraternity’s Council). A written report of such audit must be given to the Council of the higher fraternity.”]*

Books of Account

1. The treasurer shall have custody of all funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the fraternity and shall deposit all moneys and other valuable effects in the name and to the credit of the fraternity in such depositories as may be designated by the council. It is the treasurer’s

duty to protect the financial interests of the membership in their contributions and other payments into the common fund and any other fund established by the council.

2. The treasurer shall record each contribution received in the appropriate register [*i.e., bookkeeping ledger*], with the date and the name of the contributor (*See NAFRA National Statutes, Article 18(7)*). Confidential annual statements prepared from (or a photocopy of) the member's record, signed by the treasurer, should be sent to the individual members who request it, summarizing his/her contributions to the fraternity [*especially for individual tax purposes*]. In regional fraternities, the treasurer shall record each local fraternity's per capita contributions [*also known as Fair Share Contributions*] separately in a register maintained for that purpose. The record should include, along with the amount of per capita paid, the number of professed members, candidates, and inquirers so that the correct membership numbers are available for the annual report to the national fraternity. [*General Constitutions, Article 51(4) states: "The treasurer, or bursar, has the following duties: . . . (a) To guard diligently the contributions received, recording each receipt in the appropriate register, with the date on which it was given, the name of the contributor, or the one from whom it was collected."*]

3. The treasurer shall disburse the funds of the fraternity as may be ordered by the council, taking proper vouchers for such disbursements in a timely manner. [*General Constitutions, Article 51(4), states: "The treasurer, or bursar, has the following duties: . . . (b) To record in the same register the items of expense, specifying the date and purpose, in conformity with the directions of the fraternity council."*]

Cash and Banking

1. Every established and emerging fraternity must have its own bank account(s) which should be in the name of "Secular Franciscan Order, . . ." , followed by appropriate fraternity, region, etc., name, and use the appropriate federal identification number. (Note: The term "bank" used in this document means any appropriate financial institution, including a credit union.)

2. All bank accounts must have signature authority for the minister and the treasurer, *i.e.*, either one can sign checks and make withdrawals. This is necessary to insure the payment of bills in case of a temporary vacancy in the office of treasurer or the temporary inability of the treasurer to discharge his or her duties. (See number 2, above).

3. Ideally, cash receipts such as common fund donations received at local fraternity meetings, should be counted by two persons. A note of the amount received should be given to the minister.

4. *Ideally*, all mail should be opened by the secretary or minister [may not be practical for bank statements].

5. The treasurer shall perform a monthly reconciliation of book to net bank balances. If a discrepancy is noted during the reconciliation process, the treasurer shall promptly determine the source of the error and make appropriate correction to the records. [The bank statement is not to be used to report the fraternity's finances].

6. All moneys shall be deposited intact as soon as possible after receipt. All checks should be endorsed with "For Deposit Only" and the name of the fraternity. The practice of accepting checks made out to the name of the treasurer should be avoided. Under no circumstances shall payments be made from undeposited cash receipts. If cash is needed for immediate expenditure, it should be taken from a petty cash fund authorized by the council, and the payment noted on a suitable petty cash voucher (inexpensive pads of these vouchers are available from any office supply store).

7. All expenditures (other than from petty cash) must be made by check drawn on the fraternity's bank account. Expenditures of a routine nature are pre-approved by the council in the form of an annual budget. Extraordinary expenses (up to a maximum of 5% of the annual budget total) must be approved by the council before payment, or on the alternative, by the minister (up to 1% of the annual budget), and reported to the council.

8. All Petty Cash Funds must be reimbursed periodically by check (using the "Imprest" method) [see definition and example at the end of this document].

9. Where it is deemed appropriate by the council, the treasurer may advance funds to council members, for their future budgeted expenses. These funds must be fully accounted for by the council member before any further advances can be made.

Financial and Other Reports

1. The treasurer must make an annual or more frequent financial reports to the membership and council that shows details of all income, expenses, cash balances, investments and any moneys held in trust, and to the next higher council as part of the fraternity's annual report. [*General Constitutions, Article 51(4) states: "The treasurer, or bursar, has the following duties: . . . (c) To render an account of his or her administration to the assembly and to the council of the fraternity according to the norms of the national statutes."*] A local fraternity treasurer should publish the annual report in the fraternity bulletin or newsletter. In addition that same report must be given to the regional council. The regional treasurer's report should be disseminated to the membership through the fraternity ministers or the newsletter. The regional financial report should also be delivered to NAFRA as part of the region's annual report. In addition, the treasurer should provide a written financial report periodically to the council; in regional fraternities to the executive council.

2. An annual written report by the council of the fraternity must be made to the council of the next higher fraternity. Such report must include:

- a. Details of membership
- b. Description of activities, goals and accomplishments
- c. Treasurer's annual financial report
- d. Budget for the upcoming year

Other Treasurer's Duties

1. In addition to the above, the treasurer has the duty to promptly submit all records for review by the council when requested, and by the higher council upon fraternal visitation.

2. The treasurer should assist the council in preparing an annual budget showing estimated income and expenses for the upcoming period, in order to help the council plan for future needs. In regional fraternities, the treasurer should assist the regional executive council in preparing an annual budget for submission to the regional fraternity council for its approval. [*General Constitutions, Article 50(2) states: ". . . The duties of the council are also: . . . (e) To decide on the destination of available funds and, in general, to deliberate on matters concerning financial management and economic affairs of the fraternity. Article 62(2) states: "The regional council has the following duties: . . . (1) To make decisions regarding the use of available funds and, in general, to deliberate on matters regarding the financial management and the economic affairs of the regional fraternity."*]

3. When a fraternity is de-activated, the treasurer shall dispose of the moneys remaining in the fraternity's treasury either according to the decision of the remaining members, consistent with the "Statement of Purposes" as adopted by NAFRA, or transfer them to the regional executive council where they will be placed in an interest-bearing escrow account managed by the regional executive council [*See CNSA Guidelines For De-activating an Established Fraternity*]. In the case of a suspended fraternity, the treasurer must immediately transfer the moneys in the fraternity's treasury to the regional executive council where they will be frozen in an interest-bearing escrow account managed by the regional executive council [*See CNSA Guidelines For Suspending a Canonically Established Fraternity*].

4. Treasurer's records should routinely be kept for 6 years. Equipment warranties should be retained for as long as they are effective. However records relating to large acquisitions such as cars, or furniture and equipment with a value of over 1% of the annual budget should be retained for 6 years after disposal of the asset. In addition, records having ongoing importance such as deeds and titles and those relating to the fraternity's Federal ID number, and State tax exemption status should be retained permanently.

Reference should be made to:

- a. General Constitutions (2001), Art. 52.4 and 52.5
- b. NAFRA Statutes (2013ff), Art. 6.4, Art. 24.2 and Art. 28.

1. See also Canon 1028 of the Code of Canons of the Eastern Churches, which governs the Eastern Catholic Churches.

Approved "*ad experimentum*" on November 27, 2003 by the National Executive Council.

Certified by Elizabeth Allen, SFO, National Secretary, January 8, 2005.