

ARCHDIOCESE OF KANSAS CITY IN KANSAS

FINANCE COUNCIL AND COMMITTEES

CANON 492

In accordance with canon 492 each diocese is required to establish and maintain a finance council. The Archbishop or his delegate presides over this council.

The Finance Council of the Archdiocese of Kansas City in Kansas will consist of the Archbishop, Vicar General-Administration and Finance, CFO, Board President of the Catholic Foundation of Northeast Kansas, Chairperson of the Archbishops Call To Share Advisory Committee and at least 10 but not more than 20 members of the Christian faithful and as many as two members of the Clergy. The members are to be appointed by the Archbishop, are to be noted for their integrity, and are to have diverse expertise in areas of financial affairs and civil law.

The term of office of the members shall be five years, but members may be appointed to one additional five-year term.

The finance council will generally meet on a quarterly basis unless there is a special circumstance that requires more frequent meetings.

ROLES AND RESPONSIBILITIES

The finance council must approve the annual archdiocesan budget according to the instruction of the Archbishop.

The finance council must examine the annual report of income and expense prepared by the archdiocesan finance officer. This examination may take the form of reviewing the annual audited financial statements as presented by the independent public accountants.

The finance council should give counsel to the Archbishop on the following:

1. The appointment or removal of the finance officer (c. 494)
2. Imposition of taxes, either ordinary or extraordinary (c.1263)
3. Decisions relative to the important acts of administration (c.1277)
4. Determine the meaning of acts of extraordinary administration (c. 1281.2)
5. Review of annual reports submitted to him by administrators (c. 1287.1)

6. Leasing of ecclesiastical goods owned by the archdiocese when the market value of the property to be leased exceeds \$400,000 (c. 1297)
7. Investment of tangible and intangible property assigned to any endowment (c. 1305)
8. Modification of the obligations imposed in executing last wills for pious causes if such obligations cannot be fulfilled (c. 1310.2)

The finance council must give or withhold consent to the archbishop on the following:

1. Performance of an act of extraordinary administration as defined by the United States Conference of Catholic Bishops (c. 1277)
 - a. Initiating a program of financing by the issuance of instruments such as bonds, annuities, mortgages or bank debt in excess of the minimum amount set in accord with Canon 1292§1.
 - b. Resolving an individual or aggregate claim(s) by financial settlement in excess of the minimum amount set in accord with Canon 1292§1.
 - c. Engaging in the regular management or operation of a trade or business that is not substantially related to the performance of the religions, spiritual, educational or charitable purposes of the Church, for the purpose of generating income to carry on such activities.
 - d. Entering into any financial transaction or contractual agreement, the term of which address matters involving an actual or potential conflict of interest for the archdiocesan archbishop, auxiliary bishop(s), vicar(s) general, episcopal vicar(s), or the archdiocesan finance officer.
2. Leasing of ecclesiastical goods owned by the archdiocese when the market value of the property to be leased exceeds \$1,000,000 or the lease is to be for three years or longer (c. 1297)
3. Alienation of property above a minimum amount (currently \$250,000) to a maximum (currently \$3,500,000) established by the USCCB (c. 1292§1)
4. Alienation of property of other public juridic persons subject to the archdiocesan archbishop at or above the minimum amount established by the USCCB.
5. In addition to alienation, the entering into any transaction that worsens the Financial condition of the diocese

In addition to the canon law requirements, the Archbishop will consult with the finance council on the following:

1. Appointment of the auditors

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2. Appointment of legal counsel
3. Employee compensation and benefits
4. Insurance and risk management
5. Property management
6. Construction management
7. Investment policies
8. Internal controls
9. Development
10. Banking Arrangements
11. Leasing of ecclesiastical property

COMMITTEES

The finance council will have four permanent committees and from time to time what ever ad hoc committees are deemed appropriate by the membership. Committee membership will include a chair who is a member of the finance council, CFO and at least 5 and not more than 10 members of the clergy and Christian faithful. The term of office of the members shall be one year, but members may be reappointed to any number of additional one year terms.

The permanent committees will be the following.

1. AUDIT COMMITTEE

The responsibility of this committee is to work with the independent auditors to insure that the scope of the annual audit is appropriate and that the audit is conducted in accordance with generally accepted auditing standards of the United States. The committee will also meet with the independent auditors to review the audit report and any audit recommendations. The committee will also monitor the timely implementation of any audit recommendations.

Committee membership should include a significant emphasis on CPA's and attorneys. The committee will generally meet at least quarterly to plan the audit and to review the report.

2. BUDGET COMMITTEE

The responsibility of this committee is to develop the budgets and to review the operating and capital budgets of the Archdiocese and to monitor interim performance against the budget to insure adequacy of financial resources, cash liquidity and net asset balances.

Committee membership should include an emphasis on senior business executives and accountants with experience in management and budgeting. The committee will generally meet on a quarterly basis.

3. INVESTMENT COMMITTEE

The investment committee is responsible for selecting investment managers, establishing investment criteria, asset allocation guidelines and expected risk-adjusted rates of return. The committee will also be responsible for ensuring that the portfolios are invested with Catholic socially responsible standards.

The committee membership includes individuals with strong institutional investment background either as investment managers directly or management of investment managers. The committee meets on a quarterly basis to review the performance of the investment managers and to periodically meet with the managers to discuss their results.

5. DEVELOPMENT COMMITTEE

The Board of Directors of the Catholic Foundation of Northeast Kansas and the Advisory Committee for the Archbishops Call to Share will function as committees on development. They will collectively be responsible for fund raising, planned giving, endowment, annual appeals and other development activities.