

Memorandum of Understanding

between the Sisters of AAA and the Sisters of BBB

Regarding certain assistance provided by the Sisters of AAA (AAA) to the Sisters of BBB (BBB).

Role and Responsibilities of AAA

AAA assumes the responsibility for assisting BBB in its affairs, except that the responsibilities assumed by AAA will not include any role which is governed by church law, although it may make recommendations to Major Superior of BBB concerning such matters.

AAA will provide the following services which will generally provide an orderly winding down of the civil business affairs of BBB, always subject to the approval of the Major Superior of BBB. It is anticipated that this wind down will take a number of years to accomplish. Specifically AAA will undertake the issues delineated below.

Care of Members

AAA will:

Cause the assessment of the members of BBB who require skilled nursing care, assisted living, and memory care with a goal of having all the BBB requiring such care to be in one facility which provides a high level quality of care and which maximizes the utilization of governmental programs for funding of that care such as the Medicaid.

Work to ensure BBB receive the maximum benefits from participation in various government programs such a Social Security, Supplemental Security Income, Medicaid, Elderly Waiver, etc. with the goal of reducing the cost to of care for the members in (State).

After the evaluation of the care of members of BBB at the residence has been completed and those members have been place in appropriate care situations, assist the remaining BBB at the residence to find adequate senior housing which keeps the entire BBB community together.

The goal is to accomplish this by (Date). The Major Superior and her council will assist BBB during this transition and the Major Superior will determine if the transition can be made by (Date) or must be deferred to a later date.

Ministries

AAA will:

Work to transfer responsibility for the ministry(ies) to another organization if possible. If a successor sponsor cannot be found by (date) these will be transitioned out of business. During this time of transition, BBB will work to reduce the costs of operating the ministries. This transition will require ongoing financial support. BBB will work to contain these costs. Other ministries will be phased out by (date).

Employees

AAA will:

Work to eventually eliminate all personnel working for BBB in a just manner as the above steps are completed.

Oversee the hiring, evaluation, and firing of all personnel during this transition period.

Oversee the personnel files of BBB paid personnel to ensure proper documentation and administration of these files as well as pay and benefit administration.

Real Estate

AAA will:

When BBB sisters are in other appropriate housing situations, work with local realtors to sell this property to maximize its value.

During the transition oversee the maintenance of this house to ensure snow removal, grass cutting, security, etc.

Finance

AAA will:

Oversee all cash receipts and disbursements.

Oversee monthly bank and account reconciliations.

Ensure preparation of a timely budget which is in a format consistent with the audited financial statements and the monthly financial statements.

Oversee the preparation of timely monthly financial statements in a format consistent with the audited financial statements.

Simplify the accounting and reporting processes.

Develop investment management guidelines and instructions.

Ensure all revenues due BBB are received.

Work to reduce expenses.

Ensure adequate insurance is in place.

Ensure a timely, cost effective audit of the Corporation.

Oversee the administration of Patrimony.

Management issues to be addressed:

Provide administrative support and advice to BBB during the transition.

Provide a monthly report to the Major Superior of BBB to include a report on the activity on the above matters and a financial report.

Provide other administrative services as needed.

Legal Issues

AAA will:

Maintain current nonprofit registration with the State of _____.

Work with legal counsel (firm to be determined) to update (state) Corporation Articles of Incorporation and Bylaws with a view to ultimate dissolution.

Maintain corporate officers for banking, investment, insurance, real estate, and other legal issues.

Maintain 501(c)(3) status.

Respond to other legal issues as needed.

Fees

In recognition that the first few years of this relationship responsibility will require significantly more time on behalf of BBB than later years, and to align the interest of both parties to safeguard and enhance the net assets of BBB the following fees will be paid by BBB to AAA:

1. First three years of agreement – percent (%) of net asset value at the end of the prior fiscal year,
2. Future years – one half of (%) percent (%) of the net asset value at the end of the prior fiscal year.

Fees will be paid monthly.

Termination

Both parties have the right to terminate the agreement at any time for any reason upon giving the

other party six months written notice.

Indemnification

Both parties will agree to perform to the best of their ability and both agree that neither party will make any claim against the other party excepting those which violate a USA or (State) law.

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