

**Eliot Unitarian Chapel**

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# **Board Governance Policy<sup>®</sup>**

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## Board Policy Review Dates:

All of 2016-2017

Table of Contents updated for accuracy May 2013

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# Ends Policies

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## 1.1 MISSION STATEMENT

Adopted Date: January 12, 2016

Revision Dates:

Bound by courageous love, growing in spirit and inspiring compassionate action.

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## 1.2 VISION

Adopted Date: January 12, 2016

Revision Dates:

Creating a just world through vibrant, beloved community.

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## 1.3 VALUES

Adopted Date: May 2015

Revision Dates:

Inspiration, Compassion, Connection

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## 1.4 ENDS

Adopted Date: March 8, 2016

Revision Dates:

The people of Eliot Unitarian Chapel of all ages and walks of life will:

- care for and connect with one another within our shared covenant, even when it is uncomfortable;
- achieve greater spiritual maturity;
- deepen our Unitarian Universalist identity;
- nurture leadership and service in all;
- create a more just society, further dismantle racism, and improve the environment.

We aim to make a positive difference within, among and beyond ourselves.

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# Governance Process Policies

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## **GLOBAL GOVERNANCE PROCESS POLICY**

The Board of Trustees shall ensure, on behalf of the congregation, that Eliot Unitarian Chapel furthers its mission and chosen ends with appropriate use of its resources, and avoids unacceptable actions and situations as defined in Eliot Chapel Bylaws and these policies.

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### **2.1 GOVERNING STYLE**

The Board shall govern lawfully, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and Lead Minister roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity. The rules contained in the most recent edition of Robert's Rules of Order Newly Revised shall govern the Board in all cases to which they are applicable and in which they are not inconsistent with these Policies and any special rules of order the Board may adopt.

Accordingly, the Board shall:

- 2.1.1. Focus chiefly on intended long-term impacts or Ends, not on the administrative or programmatic means of attaining those effects.
- 2.1.2. Direct, control, and inspire the organization through the careful establishment of the broadest organizational values and perspectives (policies).
- 2.1.3. Enforce upon itself whatever discipline is needed to govern with excellence.
  - a. Discipline shall apply to matters such as attendance, preparation for meetings, knowledge of policymaking principles, and respect for defined roles.
  - b. After subjects have been discussed and voted upon, both majority and minority shall support the action taken and speak with one voice.
- 2.1.4. Allow no officer, individual, or committee of the Board to usurp its role or hinder its discipline.
- 2.1.5. Monitor and regularly discuss the Board's own process and performance.

Revised 6/14/2016 to allow for consensus agenda use.

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## 2.2 BOARD JOB DESCRIPTION

The job of the Board is to represent the congregation in determining and ensuring appropriate organizational performance.

- 2.2.1. The Board shall produce the link between the organization and ownership.
- 2.2.2. The Board shall produce and revise as appropriate written governing policies that, at the broadest levels, address each category of organizational decision.

Section 1 - Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).

Section 2 - Governance Process: Specifies how the Board conceives, carries out, and monitors its own task.

Section 3 - Board-Lead Minister Relationship: How power is delegated and its proper use monitored; the Lead Minister role, authority and accountability.

Section 4 - Lead Minister Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

- 2.2.3. The Board shall produce assurance of Lead Minister performance and compliance against policies in Section 3 and 4 of these Policies.
- 2.2.4. The Board shall be directly responsible for overseeing the administration and management of the invested assets of the Chapel.

Revised 07-2014

Revised 06-2016 2.2.4 revised to overseeing instead of managing.

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## **2.3 ANNUAL AGENDA PLANNING**

To accomplish its tasks with a governance style consistent with Board policies, the Board shall develop and follow an Annual Agenda that is designed to set forth major goals for the upcoming fiscal year. These goals include:

- 2.3.1. Complete a re-exploration of Ends policies annually.
- 2.3.2. Systematically monitor and review Board policies.
- 2.3.3. Continually improve Board performance through investment in Board education.

Revised 04-09-2013

## 2.4 OFFICERS' ROLES AND RESPONSIBILITIES

Officers of the Board are bound by Board policy and by limits of Board authority. Accordingly:

- 2.4.1. The Chairperson: The job of the Chairperson is to assure the integrity of the Board's process. The Chairperson, or his or her designee, is the only person authorized to speak for the Board.
  - a. The Chairperson shall assure that:
    - i. The Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
    - ii. Meeting discussion content will be only those issues that, according to Board policy, clearly belong to the Board to decide, not the Lead Minister.
    - iii. Deliberation will be timely, fair, orderly, and thorough, but also efficient, time-limited, and to the point.
    - iv. Roberts' Rules of Order are observed.
  - b. The authority of the Chairperson consists of making any decision on behalf of the Board that falls within or is consistent with Board policies on Governance Process and the Board-Lead Minister Relationship (Sections 3 & 4 respectively).
    - i. The Chairperson is empowered to chair Board meetings with all the commonly accepted powers of that position (e.g., ruling, recognizing).
    - ii. The Chairperson's authority does not extend to making decisions within Ends and Lead Minister Team Limitations policy areas (Sections 1 & 2 respectively).
    - iii. The Chairperson's authority does not extend to supervising, interpreting Board policies to or otherwise directing the Lead Minister.
- 2.4.2. The Chair-Elect will act in the absence of the Chairperson.
- 2.4.3. The Secretary: The Secretary, by affixing his/her signature, shall attest formally to the legitimacy of Board documents. The Secretary also is responsible to the Board for accurately and timely:
  - a. Preparing Board and Board executive session minutes.
  - b. Recording and distributing accurate minutes of public Board meetings and Annual Congregational meetings.
  - c. Attesting to the master copy of the Bylaws and current Board policies.
  - d. Publicly announcing the annual meeting and other duties as assigned by the corporate Bylaws.
- 2.4.4. The Treasurer shall:
  - a. Provide financial oversight, guidance and analysis of the Chapel to the Board.
  - b. At each regularly scheduled Board meeting, report the status and condition of the Endowment Fund as required by the Bylaws.
  - c. Report to the Board as requested.

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## 2.5 BOARD MEMBER'S CODE OF CONDUCT

The Board commits itself and its members to prudent, ethical, business-like, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly:

- 2.5.1. Trustees must represent unconflicted loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. This accountability supersedes the personal interest of any trustee acting as an individual church member.
- 2.5.2. Trustees must avoid any conflict of interest with respect to their fiduciary responsibility. Taking into consideration individual circumstances involving a contract or transaction, the Board may waive the conflict of interest if: (1) full disclosure is made to the Board of the specific terms of the contract or transaction by the interested Board member; (2) the Board determines that the contract or transaction is fair, reasonable and in the best interest of Eliot Chapel; and (3) the Board agrees to waive the conflict by a majority vote of Board members present at a meeting of the Board (not counting the interested Trustee). The interested Board member may be present during the Board's discussion of the conflict to answer questions raised by any Board member, but may not be present during the Board's vote. The minutes of the Board meeting shall clearly reflect that the requirements above have been met.
  - a. There must be no self-dealing or any conduct of private business or personal services between any Trustee and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.
  - b. Trustees must not use their positions to obtain for themselves, family members, or close associates employment within the organization.
  - c. Should Trustee be considered for employment by the organization, he or she must temporarily withdraw from Board deliberation, voting, and access to applicable Board information.
  - d. Should a Trustee be employed by the organization or act as a paid consultant, he or she must resign from Board service.
- 2.5.3. Written policies, adopted by majority vote of the Board, in the four areas of governance, shall exercise authority over the organization. Individual Trustees may not attempt to exercise authority over the organization. The Board will speak with one voice through its adopted policies.
  - a. Trustees' interaction with staff must recognize the lack of authority in any individual Trustee or subgroup (Board committee, task force, ministry team) of Trustees except when explicitly Board authorized.
  - b. Trustees' interaction with the public, press, or other entities must recognize the same limitation and the similar inability of any Trustee except the Chairperson to speak for the Board.
  - c. Trustees will make no judgments of the Lead Minister or staff performance except as that performance is assessed against explicit Board policies and written contract by a formal evaluation process.



- d. Trustees are encouraged to continually self-monitor their individual performance as Trustees against policies and any other current Board evaluation tools.
- 2.5.4. Members will respect the confidentiality appropriate to issues of a sensitive nature.
- 2.5.5. Members will be properly prepared for Board deliberation and participate productively in discussion, always within the discipline boundaries established by the Board.

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## 2.6 BOARD COMMITTEE PRINCIPLES

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from board to Lead Minister.

- 2.6.1. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Such authority shall be carefully stated in order not to conflict with authority delegated to the Lead Minister.
- 2.6.2. Board committees are to help the Board do its job, not to help the staff do its job. Board committees shall assist the Board chiefly by preparing policy alternatives and implications for Board deliberation. Board committees are not to be created by the Board to advise staff.
- 2.6.3. Board committees cannot exercise authority over staff, and in keeping with the Board's focus on the future, Board committees shall not ordinarily have direct dealings with current staff operations. Further, the Board shall not impede its direct delegation to the Lead Minister by requiring approval of a Board committee before a Lead Minister action. The Lead Minister works for the full Board, never for a Board committee or officer.
- 2.6.4. This policy applies only to committees that are formed by Board action, whether or not the committees include non-Board members. It does not apply to committees formed under the authority of the Lead Minister.
- 2.6.5. A Board committee that has helped the Board create policy on some topic shall not be used to monitor organizational performance on that same topic.

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## **2.7 COST OF GOVERNANCE**

Because poor governance costs more than learning to govern well, the Board shall invest in its current and future governance capacity.

- 2.7.1. The Board shall have the skills, methods and support it needs to assure governing with excellence.
  - a. Training and retraining shall be used to orient new and prospective Board Members, as well as, maintain and increase existing Member skills and understandings.
  - b. Outside monitoring assistance shall be arranged so the Board can exercise confident control over organizational performance. This includes but is not limited to financial audits.
  - c. Linkage mechanisms shall be used as needed to ensure the Board's ability to listen to congregant viewpoints and values.
- 2.7.2. Costs shall be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
- 2.7.3. The Board shall establish a budget line item to cover expected fiscal year expenses for governance.

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## **2.8 COMPLAINT AND INQUIRIES REGARDING BOARD POLICIES**

The Board shall address complaints and inquiries that relate to Board policies. Other matters shall be referred to the appropriate entity.

Accordingly, the Board shall establish procedures and guidelines for the resolution of formal complaints about the compliance with these policies by Board members or by the Lead Minister.

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## 2.9 GIFTS

From time to time, the Chapel receives bequests or memorial gifts. Gifts are solicited and received by the Lead Minister within the limitations of policy 4.10. When Eliot Chapel is offered a permanently restricted gift or any other gift that is outside the Lead Minister limitations, the Board will vote to decide whether or not to accept the gift. Generally, only Donor Restricted gifts of \$50,000 or more should be considered for establishing new funds. Designations below this minimum should usually be sent back to the Lead Minister to be steered towards the Endowment Fund.

- 2.9.1 Gifts may be cash, marketable securities, real estate, fine art, or other tangible personal property.
- 2.9.2 When considering a gift for Eliot Chapel, the Board shall adhere to the following policy.
  - a. Gifts will not be accepted if any of the following apply:
    - i. Terms of the gift violate the terms of the Chapel's Bylaws.
    - ii. The gift can be reasonably expected to incur administrative costs exceeding the value of the gift.
    - iii. The gift would be excessively burdensome to administer.
    - iv. The gift is designated for purposes inconsistent with the Chapel's Mission, Values, Ends, or Unitarian Universalist principles.
    - v. The gift is offered without documentation including terms and processes for dissolution should circumstances warrant.
    - vi. Tangible personal property is offered with the restriction that retention or display is not at the pleasure of the Chapel.
    - vii. Ownership and control of the gift are not exclusively held by Eliot Chapel.
- 2.9.3 Receipts for all gifts will be given to the donor but determination of the value of any non-cash gift is the responsibility of the donor.
- 2.9.4 The Board shall document any terms and restrictions on all gifts accepted by the Board under this policy.

Approved by Board 04-09-2013

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# **Board-Lead Minister Relationship Policies**

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## **Global Board-Lead Minister Relationship Policy**

The Board of Trustees delegates to the Lead Minister all authority and responsibility to achieve the chosen Ends of Eliot Chapel subject to the limitations described in the Bylaws and these policies.

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### **3.1 UNITY OF VOICE**

Only decisions of the Board acting as a body, stated in officially passed motions, are binding on the Lead Minister. Thus, decisions or instructions of individual Board members, officers, Board committees or congregation members are not binding on the Lead Minister except in instances when the Board has specifically delegated the exercise of such authority.

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## **3.2 LEAD MINISTER ACCOUNTABILITY**

The Lead Minister is the Board's only link to operational achievement and conduct, so that all authority and accountability of paid and volunteer staff, as far as the board is concerned, is considered the authority and accountability of the Lead Minister. To that end, the Board shall:

- 3.2.1. Refrain from giving instructions to persons who report directly or indirectly to the Lead Minister.
- 3.2.2. Refrain from evaluating, either formally or informally, any staff other than the Lead Minister.
- 3.2.3. View Lead Minister performance as identical to organizational performance, so that organizational accomplishment of Board-stated Ends and within Board established Limitations shall be viewed as successful Lead Minister performance.

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### 3.3 DELEGATION TO THE LEAD MINISTER

The Board delegates authority to the Lead Minister through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the Lead Minister to use any reasonable interpretation of these policies. Accordingly:

- 3.3.1. The Board shall develop policies instructing the Lead Minister to achieve specified results, for specified recipients, within a specified budget. These policies shall be developed systematically from the broadest, most general level to more defined levels, and shall be called Ends policies. All issues that are not ends issues as defined here are means issues.
- 3.3.2. The Board shall develop policies that limit the latitude the Lead Minister may exercise in choosing the organizational means. These limiting policies shall describe those practices, activities, decisions, and circumstances that would be unacceptable to the board even if they were to be effective. These policies shall be developed systematically from the broadest, most general level to more defined levels, and they shall be called Lead Minister Limitations policies. The Board shall never prescribe organizational means delegated to the Lead Minister.
- 3.3.3. As long as the Lead Minister uses any reasonable interpretation of the Board's Ends and Lead Minister Limitations policies, the Lead Minister is authorized to establish any further operational policies, make any decisions, take any actions, establish any practices, and develop any activities.



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### 3.4 MONITORING LEAD MINISTER PERFORMANCE

Monitoring Lead Minister performance shall take place by monitoring and assessing organizational performance against Board policies on Ends and on Lead Minister Limitations.

- 3.4.1. The purpose of monitoring is to determine the degree to which Board policies are being fulfilled. Information that does not do this shall not be considered to be monitoring. Terms and conditions set out in the Ministry Agreement are deemed information that may be considered in determining the fulfillment of Board policies.
- 3.4.2. All policies that instruct the Lead Minister shall be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but shall ordinarily depend on a routine schedule.
- 3.4.3. The Board shall acquire monitoring data by one or more of the following methods:
  - a. By internal report, in which the Lead Minister discloses compliance information to the Board;
  - b. By external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies;
  - c. By direct Board inspection, in which one or more Board members designated by the Board, or the Board as a whole, assess compliance with the appropriate Board policy criteria.
- 3.4.4. In every case, the standard for compliance shall be any reasonable Lead Minister interpretation of the Board policy being monitored. The Board is final arbiter of reasonableness, but shall always judge with a "reasonable person" test rather than with interpretations favored by Board members or by the Board as a whole.

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### 3.5 POLICY NON-COMPLIANCE

Adopted date: April 2010

Revised: August 2015

The Board recognizes that non-compliance with Board policy is and shall be an ongoing issue and every instance of non-compliance is not a cause for discipline of the Lead Minister. To the extent the Board determines that the degree and seriousness of the instance of non-compliance warrants further action, the Board shall pursue the following process:

- 3.5.1. Examine the applicable policy or policies to determine if additional limitation policies would correct the situation.
- 3.5.2. Develop a plan for returning to compliance or affirm a plan that has been presented by the Lead Minister.
- 3.5.3. The Board may take control of the areas in dispute as a result of the instance of non-compliance.
- 3.5.4. Make known to the congregation the nature of the ongoing instances of policy non-compliance as well as the ongoing efforts to address the issue.

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## Lead Minister Limitations Policies

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### Global Lead Minister Limitations Policy

**The Lead Minister shall not cause or allow any practice, activity, decision, or congregational circumstance that is contrary to the mission, vision and values of Eliot Chapel or is unlawful, imprudent or in violation of professional ethics, or commonly-accepted business practices.**

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### 4.1 TREATMENT OF CONGREGANTS (members, friends, and visitors)

Adopted date: April 2010

Revision: June 2016

With respect to interactions with congregants the Lead Minister shall not allow conditions, procedures, or decisions that are unsafe, undignified, abusive, unnecessarily intrusive, or that fail to provide appropriate confidentiality and privacy. Accordingly, the Lead Minister shall not:

- 4.1.1 Fail to steward a safe, respectful and welcoming environment in all interactions.

- 4.1.2 Fail to establish and publicize a church behavioral covenant.
- 4.1.3 Fail to establish procedures for addressing disruptive behavior or serious breaches to the church behavioral covenant.
- 4.1.4 Fail to establish, publicize and follow written operational policies for processing and confidentially reporting to the Board a summary of member grievances and suggestions.
- 4.1.5 Use methods of collecting, reviewing, transmitting, or storing congregant information that fail to protect against improper access to the materia\*

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## 4.2 STAFF TREATMENT

With respect to treatment of paid and volunteer staff, the Lead Minister shall not cause or allow working conditions that are disrespectful, unfair, unclear, unsafe, or unprofessional.

Accordingly, the Lead Minister shall not:

- 4.2.1. Fail to take reasonable steps to protect staff from hostile, unsafe, or unhealthy conditions.
- 4.2.2. Fail to operate with current written personnel policies that set forth rules for paid staff, and protect against wrongful conditions, such as harassment.
- 4.2.3. Fail to provide staff with a written statement of personnel policies.
- 4.2.4. Discriminate among employees on other than clearly job-related individual performance or qualifications.
- 4.2.5. Prevent staff from grieving to the Board when the employee alleges that Board policy has been violated.
- 4.2.6. Allow staff to be unprepared to deal with emergency situations.
- 4.2.7. Fail to provide appropriate privacy/confidentiality.

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## 4.3 COMPENSATION AND BENEFITS

The Lead Minister shall not set employment terms, compensation, and benefits to employees, consultants, and contract workers without balancing principles of fair compensation with the financial means of the congregation. Accordingly, the Lead Minister shall not:

- 4.3.1. Change his or her own, or other called ministers' compensation or benefits from that established by the Board.
- 4.3.2. Engage in secondary employment or personal business:
  - a. For services otherwise contracted and compensated as part of Lead Minister duties.
  - b. That utilizes Chapel assets or paid staff.
  - c. That may materially interfere or conflict with the Lead Minister's contracted Chapel duties.
- 4.3.3. Promise or imply permanent or guaranteed employment.
- 4.3.4. Establish current compensation and benefits that:
  - a. Deviate materially from comparable positions based on the geographic region, the skills required, and level of responsibility.
  - b. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.
- 4.3.5. Establish deferred or long term compensation benefits that:
  - a. Cause unfunded liabilities to occur or in any way commit the organization to benefits that establish unpredictable future costs.
  - b. Provide less than some basic level of benefits to all full time employees, though differential benefits to encourage employment longevity are not prohibited.
  - c. Allow any employee to lose benefits already accrued from any foregoing plan.

As amended 04-09-2013

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#### **4.4 EMERGENCY LEAD MINISTER SUCCESSION**

In order to protect the Board from sudden loss of Lead Minister administrative services, the Lead Minister:

- 4.4.1 Shall not fail to have no fewer than two other key leaders or staff familiar with Board and Lead Minister issues and administrative processes.
- 4.4.2 Shall not fail to have a succession plan in place to cover pulpit duties in the event of illness, emergency, or other situation that creates a temporary absence in the Lead Minister position

Amended by the Board, 09-10-2013

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## 4.5 FINANCIAL PLANNING/BUDGETING

The Lead Minister shall not cause or allow financial planning for any fiscal year or remaining part of any fiscal year to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Accordingly,

4.5.1. The Lead Minister shall not fail to present to the Board for approval an annual budget.

4.5.2. The Lead Minister shall not fail to present to the Board an annual fundraising plan commensurate with the needs of the Chapel.

Additionally, the Lead Minister shall not allow budgeting to:

4.5.3. Contain too little detail to enable reasonably accurate projection of revenues and expenses, separation of capital and operational items, cash flow and subsequent line item trails, and disclosure of planning assumptions.

4.5.4. Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.

4.5.5. Fail to plan adequately for routine maintenance and safety of Chapel facilities.

4.5.6. Fail to present a budget that includes an allocation (target 1-3% of budget) for unexpected contingencies that could adversely affect the operating budget and fail to retain any unspent portion to cover future contingencies up to a target total 5% of budget.

4.5.7. Fail to separately present a multi-year Facilities and Equipment Condition Assessment (FECA) covering remaining expected life and replacement cost of major building systems or equipment and fail to include the annual replacement cost in the operating budget.

4.5.8. Fail to provide satisfactory funding for replacement ministerial services prior to taking a sabbatical.

Approval date: September 9, 2014

Revision date: June 14, 2016, September 13, 2016, January 10, 2017

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## 4.6 FINANCIAL CONDITION AND OPERATIONS

With respect to the actual, ongoing financial condition and activities, the Lead Minister shall not cause or allow the development of financial jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

The Lead Minister shall not:

- 4.6.1. Fail to provide the Board with accurate, complete, and clear financial and budgetary information.
- 4.6.2. Allow any category of the annual budgeted operating expenditure to vary by 20% or \$5,000, whichever is smaller. Even within this quantitative limitation, the Lead minister shall not allow any variance from such a budgeted expenditure to cause detriment to any other budgeted expenditure. The Lead Minister shall timely report to the Board any variance exceeding the quantitative limitation set forth above or any variance that would cause a detriment as described above.
- 4.6.3. Conduct inter-fund shifting in operating budget amounts greater than can be restored to a condition of balance by reasonably certain, otherwise unencumbered revenues within 90 days.
- 4.6.4. Expend more funds than have been received in the fiscal year to date unless the following criteria are met:
  - a. Such expenditure(s) shall not indebt the organization in an amount greater than can be repaid by reasonably certain, otherwise unencumbered revenues within 90 days.
  - b. Such expenditure(s) shall not cause cash to drop below the amount needed to settle payroll and debts in a timely manner.
- 4.6.5. Borrow funds other than as defined in section 4.6.4 above.
- 4.6.6. Fail to appropriately pursue receivables, including charitable pledges, after a reasonable grace period.
- 4.6.7. Fail to ensure that all payroll, debt, taxes or other governmental filings and/or payments are made accurately and in a timely manner.
- 4.6.8. Fail to ensure that the Chapel's banking, brokerage and credit accounts have appropriate signing limits, credit limits, and dual controls.
- 4.6.9. Fail to provide the Board's designated audit committee and/or designated auditor with reasonable access to any and all financial records, including, proof of all receipts and disbursements, and all tax returns and filings.
- 4.6.10. Make any purchases in an amount greater than one percent of the prior year's ending pledges without at least two competitive sources/bids.

Amended by the Board, 12-08-2015



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## 4.7 ASSET PROTECTION

The Lead Minister shall not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

The Lead Minister shall not:

- 4.7.1. Fail to maintain a level of insurance against theft and casualty loss to cover replacement value less reasonable deductibles and co-insurance limits and against liability losses to the organization based on the recommendations of the Chapel's insurance carriers or agents.
- 4.7.2. Fail to maintain insurance against corporate and personal liability of Board members and paid and volunteer staff based on the recommendations of the Chapel's insurance carriers or agents.
- 4.7.3. Unnecessarily expose the organization, its Board, or staff to claims of liability or risk the non-profit status.
- 4.7.4. Allow untrained, and either uninsured or unbonded personnel access to material amounts of funds or credit.
- 4.7.5. A. Invest or hold operating funds in insecure investments including, but not limited to, uninsured accounts, bonds of less than AA ratings, or deposits in amounts that exceed an account's insurance threshold.  
B. Invest or hold operating funds in non-interest bearing accounts except as necessary to facilitate operational transactions
- 4.7.6. Fail to protect property, capital equipment, and all physical assets from abuse, improper wear and tear, or insufficient maintenance.
- 4.7.7. Fail to protect intellectual property, information, records, electronic records, and files from significant damage or loss, excluding the work of called ministers of the Chapel, who are the sole owners of their intellectual property.
- 4.7.8. Make purchases for the necessary repair and/or replacement of facilities or capital equipment in excess of \$5,000.00 without (a) competitive bids, (b) qualified legal contract review, and (c) prior Board notification.
- 4.7.9. Receive, process, or disburse funds under controls that are insufficient to meet the Board-approved auditor's standards or other government standards.
- 4.7.10. Acquire, encumber or dispose of real property.

Amended by the Board, 1-18-2014

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#### **4.8 TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED FUNDS**

The use of Restricted and Designated Funds shall not deviate from the Board's Policies and bylaws. Accordingly, the Lead Minister shall not:

- 4.8.1. Utilize the earnings on Temporarily Restricted funds in a fashion that is inconsistent with the Board's designation of these funds, as detailed in Appendix A to this policy.
- 4.8.2. Utilize the corpus of Temporarily Restricted Funds without the Board's approval. The Board may approve such use by: a) approving the annual operating budget that specifically lists the applicable fund as a source of payment; b) approving a capital spending item or project that specifically anticipates use of the applicable fund as a source of payment; or c) expressly approving the use of the applicable fund.
- 4.8.3. Utilize the corpus of any Permanently Restricted Funds.
- 4.8.4. Utilize income on Permanently Restricted Funds in a fashion that is inconsistent with the wishes of the Donor, as detailed in the documentation of the Donor's wishes, or if unavailable, as detailed in Appendix A to this policy or other Board documents providing guidance or directives on Permanently Restricted Funds.
- 4.8.5. Fail to utilize Use-Restricted Gifts for the purpose given within the permitted time frame, or failing that, to re-designate any unused portion of the gift as unrestricted.

Approved by Board 03-12-2013

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## 4.9 BOARD COMMUNICATION AND SUPPORT

The Lead Minister shall not cause or allow the Board to be uninformed or unsupported in its work. Accordingly, the Lead Minister shall not:

- 4.9.1. Fail to inform the Board in a timely manner of relevant trends, public policy initiatives, public events of the organization, community events, denominational affairs, and material external and internal changes, as they directly impact the mission, Ends, or operations of Eliot Chapel, particularly changes in the assumptions upon which any Board policy has previously been established.
- 4.9.2. Fail to submit monitoring data required by the Board in a timely, accurate, and understandable fashion, directly addressing the provisions of the Board policies being monitored.
- 4.9.3. Fail to gather for the Board as many congregational, staff, and external points of view, issues, and opinions as appropriate for fully informed Board choices.
- 4.9.4. Fail to deal with the Board as a whole except when (a) fulfilling individual Trustee requests for information or (b) responding to and working with officers or Board committees duly charged by the Board.
- 4.9.5. Fail to advise the Board if, in the Lead Minister's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Lead Minister Linkage, particularly in the case of Board behavior that is detrimental to the work relationship between Board and the Lead Minister.
- 4.9.6. Present information to the Board in an unnecessarily complex or lengthy form.
- 4.9.7. Fail to report in a timely manner an actual or anticipated noncompliance with any Board policy.
- 4.9.8. Fail to supply for the consent agenda all items required to be Board-approved, along with supporting documentation.

As amended 1-08-2013

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## 4.10 GIFTS AND PLANNED GIVING

Gifts are solicited and received by the Lead Minister for the benefit of the Chapel and will be used in accordance with the Chapel's mission, vision and ends. Gifts can include, but are not limited to cash, marketable securities, real estate, fine art, or other tangible personal property. The use of a gift may be either restricted or unrestricted. Gifts covered by this policy do not include pledge payments. The Board, because of its special fiduciary responsibility to the Chapel and the Chapel's long term interests, retains authority to approve the use of certain unrestricted gifts.

**Definition:** Use-Restricted Gifts are gifts of any size which are intended to be used within 12 months following their receipt for a specific purpose.

- 4.10.1 The Lead Minister shall not accept gifts which:
- a. Violate the terms of the Chapel's Bylaws;
  - b. Are expected to incur administrative costs exceeding the value of the gift;
  - c. Would be excessively burdensome to administer;
  - d. Are offered with the restriction that retention or display is not at the pleasure of the Chapel;
  - e. Are designated for purposes inconsistent with the Chapel's mission, vision, ends, or Unitarian Universalist principles;
  - f. Are offered in payment of, or in lieu of, a pledge with the exception of cash and/or marketable securities;
  - g. Are offered such that ownership and control of the property are not exclusively held by the Chapel.
- 4.10.2 The Lead Minister shall not fail to bring to the Board for its acceptance, any of the following gifts:
- a. Permanently restricted gifts of any amount with the exception of donations to existing funds;
  - b. Tangible personal property valued at over 2% of the Chapel's current total operating budget;
  - c. Closely held or unregistered securities;
  - d. Life insurance policies with face value over 2% of the Chapel's current total operating budget;
  - e. Real estate;
  - f. Gifts involving trusteeship, fiduciary, or other legal duties;

- g. Use-Restricted Gifts of greater than 2% of the Chapel's current total operating budget;
  - h. Use-Restricted Gifts offered under terms that do not fit the above Definition.
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- 4.10.3 The Lead Minister shall not fail to disclose to the donor(s) and document the terms of acceptance for any Use-Restricted Gifts prior to accepting such gifts.
  - 4.10.4 The Lead Minister shall not fail to express appreciation on behalf of the Chapel to the donor of any gift.
  - 4.10.5 The Lead Minister shall not fail to notify the congregation that a gift was accepted from the donor if the donor allows.
  - 4.10.6 The Lead Minister shall not fail to implement a program for planned giving to the Chapel.
  - 4.10.7 The Lead Minister shall not fail to obtain the Board's approval of the proposed use of all unrestricted gifts of greater than 2% of the Chapel's current total operating budget.

Approved by Board 04-09-2013  
Amended by Board 09-13-2016

## APPENDIX A RESTRICTED FUNDS AND UNRESTRICTED FUNDS

The Chapel's financial assets are classified as follows:

- Funds – As used in this appendix, funds are financial assets of the Chapel.
- Permanently Restricted Funds- Permanently restricted funds are subject to donor-imposed restrictions that are to be maintained permanently by the Chapel. The donors of these assets have permitted the Chapel to use all or part of the income earned on any related investments for general or specific purposes.
- Temporarily Restricted Funds – Temporarily restricted funds are donations to the Chapel whereby donor restricts use of the donation to specific purposes. The Chapel holds these funds temporarily until they are put to their intended use.
- Unrestricted Funds – Unrestricted funds are all funds that are not permanently restricted funds or temporarily restricted funds.
  - Designated Funds – Designated funds are unrestricted funds internally designated by the Board as to their use and are not available to be used in the operations of the Chapel, except as specified by the Board.
  - Undesignated Funds – Undesignated funds are unrestricted funds available for the general operations of the Chapel, subject to budgetary restrictions.

## PERMANENTLY RESTRICTED FUNDS

For any permanently restricted fund, **corpus** is defined as:

- 1) The original donation amount, plus
- 2) Any growth from investments (market growth or dividends) specified by the Board of Trustees to be added to the corpus (to be determined on at least an annual basis).

If the original donation amount is unknown, the Board of Trustees will determine the amount to reasonably be considered corpus. All amounts not considered corpus are to be spent in accordance with the fund's intended purpose over one or multiple years.

In addition, the Eliot Chapel Board of Trustees may approve spending of a portion of the corpus from time to time, as long as:

- 1) The expenditure is in accordance with the fund's intended purpose; and
- 2) There is a documented plan approved by the Board of Trustees and Lead Minister to reestablish corpus to its original level.

### **Endowment Fund – (Corpus 255 / Income not set up)**

This fund was established within the Bylaws in 2000 to create a permanent endowment. It has a corpus and an income fund to be used as specified in the bylaws, Article X. The Chapel's planned giving programs should encourage donations to the fund.

*Established:* 2000

*Income Use:* Earnings on this fund are held separately from its corpus and used as described above.

*Investment:* Generally, the corpus of this fund is invested as part of the Chapel's investment portfolio.

### **Blanke Fund (Intern Ministry) (Corpus 251 / Income 2414)**

This fund was created in 1986 by a donation from Marguerite Blanke in memory of her parents to provide financial support for the training of intern ministers at Eliot. The principal held in the corpus fund cannot be spent, but income generated from the corpus is tracked in the Blanke income fund where it is used to offset expenses of having an intern minister (primarily salary).

*Established:* 1986

*Original Corpus:* Not known.

*Income Use:* Income is accumulated separately from the corpus and used to offset expenses of intern ministry.

*Investment:* Generally, the corpus of this fund is invested as part of the Chapel's investment portfolio.

**Dunlap-Nutt Fund (Member & Friend Assistance) (Corpus 252 / Income 2415)**

Fully named "The Wallace P Dunlap & Barbara C Dunlap Nutt Memorial Fund". This fund was established in 1980-81 by a \$10,000 gift from Barbara Nutt as a memorial to her late husband, Wallace Dunlap. This fund is an endowment, the principal of which is to be kept intact, and the income tracked separately. The Fund's income is temporarily restricted and is used by the Ministers for assistance to members and friends in need. Its purpose is more restricted than the Ministers' Discretionary Fund (see below). A report of use (general, not specific as to individual recipients) is to be made annually by the Ministers on this fund.

*Established:* 1980

*Original Corpus:* \$10,000

*Income Use:* Income is accumulated separately from the corpus and spent by the ministers for assistance to members and friends in need.

*Investment:* Generally, the corpus of this fund is invested as part of the Chapel's investment portfolio.

Operational Note: Current practice is to distribute income in this fund annually to the Ministers' Discretionary Fund. The Treasurer's annual confidential review needs to include general review for the use of this income as described above.

**ST MARTINS/JHR-DW (Partner Church) (Corpus 253 / Income 2416)**

Fully named "The John Robinson and Diane Weber Endowment for Nyaradszentmartom Csikfalva". The Principles for this fund are described in a memo dated July 23, 2000 from John Robinson and Diane Weber.

*Established:* 2000

*Original Corpus:* Not Known.

*Income Use:* Capital gains are to be applied to the corpus. Income is accumulated separately from the corpus and is to be distributed in June of each year.

*Investment:* Generally, the corpus of this fund is invested as part of the Chapel's investment portfolio.

**Nutt Music Fund (Corpus 254 / Income 2417)**

The endowment was Established by a Ten Thousand Dollars (\$10,000) donation to be used for the establishment of a Music Endowment Fund, such Fund to be administered by the Music Committee (or its successor) and the Music Director; provided that only income may be used, with no invasions of such Fund's principal; provided further that no part of such Fund shall be used to pay , any portion of the salary of the Music Director or to replace funds designated for the church music program in the church's annual budget, it being Grantor's intention that such Fund be used to supplement and not to replace the amounts so designated in the church's annual budget.

*Established:* 2010

*Original Corpus:* \$10,000

*Income Use:* Income is accumulated separately from the corpus and is to be used to support the music program as described above.

*Investment:* Generally, the corpus of this fund is invested as part of the Chapel's investment portfolio.



## TEMPORARILY RESTRICTED FUNDS

From time to time the Chapel receives gifts that were given for a special purpose or intended use. These gifts are held temporarily by the Chapel until they are used for the intended purpose.

**Investment Income From Permanently Restricted Funds** – Investment income is held in various segregated accounts and is to be used in accordance with endowment instructions.

**Special Collections** – The Chapel raises monies from time to time for special purposes. Examples of these funds include but are not limited to:

- Partner Church - scholarships, bread support, other support
- Women's Weekend – working funds and accumulated earnings
- Men's Advance – working funds
- Donut sales – to support youth projects

### **Women's Alliance (Corpus 2404 / Income 2403)**

The Women's Alliance turned over their funds to the Chapel for accounting purposes in 1996/97. They received a gift from Harriet Pinkerton's estate and chose to make it an endowment. The Women's Alliance has kept the corpus intact with the income being used to fund the Alliance's activities. The Alliance may use their endowment or their operating funds as they choose.

Established: 1996

Original Corpus: Not Known.

Income Use: No documentation to show this, but historically used together with principal to fund activities of the Alliance.

Investment: Generally, the corpus of this fund is invested as part of the Chapel's investment portfolio.

### **Holding Fund – (Special Gifts Holding) (2418)**

This fund was established by the Board at their May 20, 1997 meeting to receive and accumulate unrestricted gifts. It should be utilized for specially designated gifts or unrestricted gifts which are expected to be expended in 12 months or less from the date of receipt.

Established: 1997

Income Use: Not applicable.

Investment: This fund is not invested as moneys are in it for a short term period pending disbursement or transfer to another fund for their purpose. Their balances are a part of the Chapel's overall cash and/or money market fund balances.

## BOARD DESIGNATED FUNDS

From time to time the Board sets aside funds for a specific purpose or use. These Designated Funds are not available to be used in the operations of the Chapel, except as specified.

**Special Operations Support Fund (Corpus Only 264)** – This fund was established by the Board to generate income that would support the Operating Budget of the Chapel. From time to time monies may be added to the corpus or transferred from the corpus to the operating fund by action of the Board only.

Established: Not known

Original Corpus: Not known but the Bergfried Fund donated \$24,000 in 2007

Income Use: Earnings on this fund are shown as revenue on the income statement.

Investment: Generally, this fund is invested as part of the Chapel's investment portfolio.

### **Bergfried Fund – (Corpus 262 / Income (aka “Operating”) 261)**

This fund was established in 1998 to create a designated means to maintain the Bergfried Property. The “Bergfried Property” is defined as the real property encompassed by that donated by the Lingenfelders in 1964 and 1965 together with subsequent purchases of neighboring property and improvements as well as sales of donated or purchased property and improvements (5 parcels in the Gasconade County Records as of April 2014).

*Corpus* is defined as the portion of the monies invested in the Bergfried Fund designated by the Board as Corpus. The portion of invested monies in the fund not designated as Corpus are retained income and may be utilized as *income*. Donations are covered by board policies on Gifts.

*Income* includes all proceeds generated from sale of natural resources of the Property, activities held on the Property, activities identified by lead minister to generate income for the Fund, and gains from investment of corpus. The Board may allocate any portion of income to corpus at any time up to the point it is committed by the Minister to a binding purchase.

*Corpus Use:* Corpus is generally invested with other Eliot Chapel funds. The Board of Trustees may approve the use of corpus funds for specific Chapel needs. Plans to replenish the Corpus may include the expectation that future Bergfried income will become available.

*Income Use:* Income on this fund may be used for Minister-approved expenses associated with the Bergfried Property. Income beyond that needed to maintain the Bergfried property may be used for any Minister-approved purpose of the Chapel.

*Investment:* Generally, the corpus of this fund is invested as part of the Chapel's investment portfolio.

**Capital Projects Fund (263)**

This fund was established by the Board June 2014 to support capital projects and major maintenance projects as recommended by the Lead Minister as part of the Operating Budget.

Corpus is any monies in the fund which are not allocated.

Income includes any gains from investment of the fund monies.

Use of funds: The total of this fund is available for capital improvements or major maintenance projects in an approved budget.

Investment: Generally, this fund is invested as part of the Chapel's investment portfolio.

**Ministers' Discretionary Fund**

Established in 2002 by a Trust Agreement between the Ministers and the Board of Trustees. The Lead Minister is the Trustee of this fund. The fund is not a part of Eliot's financial records. The Treasurer performs a confidential annual review of this funds activity in January/February of each year.

Amended 09/09/2014