

Board of Director's Policy Manual



Adopted: October 25, 2011

TABLE OF CONTENTS

TABLE OF CONTENTS2

1. STRATEGIC FOCUS3

 1.1. CORE VALUES3

 1.2. MISSION.....3

 1.3. VISION.....3

 1.4. DESIRED OUTCOMES AND TARGETS3

2. BOARD SELF – GOVERNANCE.....4

 2.1. BOARD RESPONSIBILITIES4

 2.2. BOARD MEMBERSHIP RESPONSIBILITIES5

 2.3. ENUNCIATING GOVERNING POLICIES AND VALUES RESPONSIBILITIES6

 2.4. GOVERNING PROCESS6

 2.5. CALLING OF SENIOR PASTOR7

 2.6. ELECTION OF BOARD OF DIRECTORS MEMBERS7

 2.7. BOARD OF DIRECTORS TRAINING AND SELF-REVIEW.....8

 2.8. OFFICERS OF THE BOARD OF DIRECTORS9

 2.9. COMMITTEES OF THE BOARD.....10

 2.10. DIALOGUE WITH MEMBERS12

 2.11. BOARD CALENDAR, AGENDA AND MEETING PROCEDURES13

3. SENIOR PASTOR LIMITATIONS14

 3.1. PRIMARY LIMITATIONS.....14

 3.2. COMMUNICATION AND SUPPORT TO THE BOARD.....14

 3.3. FINANCIAL14

 3.4. ASSET PROTECTION16

 3.5. OPERATIONAL STRUCTURE16

 3.6. PERSONNEL16

 3.7. COMPENSATION17

 3.8. LONG RANGE OUTLOOK17

 3.9. PLANNING18

 3.10. LAY MEMBERS & MINISTRY TEAMS18

 3.11. STRATEGIC ALLIANCES.....18

 3.12. GIFTS AND BEQUESTS18

4. BOARD/SENIOR PASTOR RELATIONSHIPS19

 4.1. ACTIONS REQUIRING BOARD APPROVAL.....19

 4.2. MANNER OF DELEGATING.....19

 4.3. SENIOR PASTOR FUNCTION.....19

 4.4. SENIOR PASTOR ACCOUNTABILITY.....20

 4.5. SENIOR PASTOR PERFORMANCE REVIEW20

 4.6. EXCEEDING SENIOR PASTOR LIMITATION POLICIES20

 4.7. MEANS OF MONITORING.....21

5. CONFLICT OF INTEREST POLICY23

6. BOUNDARY MANAGEMENT POLICY.....24

7. PLANNED GIVING GUIDELINES.....25

8. INVESTMENT POLICY27

9. CASH HANDLING GUIDELINES28

Appendix A – BOARD OF DIRECTORS CALENDAR30

1. STRATEGIC FOCUS

1.1. CORE VALUES

- 1.1.1. Personal Evangelism — We believe sharing our faith is most effective and best received when it happens in the context of personal relationships.
- 1.1.2. Loving Relationships — We believe in demonstrating our love in commitment and action.
- 1.1.3. Relevant Teaching — We believe God's Word is intended to be understood and applied to daily life.
- 1.1.4. Intentional Discipleship — We believe spiritual growth can and should be actively pursued by every believer.
- 1.1.5. Total Involvement — We believe the church is most effective when all members serve using their spiritual gifts.
- 1.1.6. Outward Focus — We believe the needs of people outside the church should take priority over the preferences of those inside the church.

1.2. MISSION

By the grace of God and with the power and joy of the Holy Spirit:

- To REACH all people with the good news of Jesus Christ;
- To GROW together as His followers;
- To SERVE God and others with all we are and have.

1.3. VISION

To be an ever-expanding, increasingly diverse community of believers transformed by Jesus and transforming the world around us.

1.4. DESIRED OUTCOMES AND TARGETS

- 1.4.1. Evangelism — Non-believers and the unchurched are coming to faith in Christ and are being enfolded in the life of the church.
 - 1.4.1.1. Evangelism Target: Increase the number of unchurched and non-members participating in our ministries.
- 1.4.2. Assimilation — Every person who joins the church is using his/her gifts to accomplish the work of the church.
 - 1.4.2.1. Assimilation Target: Increase the number of active members who are involved in a Prince of Peace ministry team.
- 1.4.3. Discipleship — Church members are consistently encouraged, challenged and equipped to take “next steps” as a disciple of Jesus.
 - 1.4.3.1. Discipleship Target: Increase personal, daily Bible reading among Prince of Peace members.
- 1.4.4. Community — Every person in the church is known, loved and cared for in a personal way.
 - 1.4.4.1. Community Target: Create new opportunities for members to expand their connections and relationships with one another.

2. BOARD SELF – GOVERNANCE

2.1. BOARD RESPONSIBILITIES

The overall responsibility of the Board is to provide a strong, powerful, and ethical pursuit of the congregation's mission. To that end, the Board shall:

- 2.1.1. Ensure that the Strategic Focus of the congregation is the driving force for all activities and related ministries.
- 2.1.2. Review and update the Strategic Focus no less than bi-annually.
- 2.1.3. Establish Governing Policies for the Board.
- 2.1.4. Establish and monitor the appropriateness of, and adherence to, policies that guide the efforts of the Senior Pastor. (See Policy 3.)
- 2.1.5. Ensure that policy and financial decisions are executed in accordance with the Constitution and By-Laws of the congregation.
- 2.1.6. Communicate regularly to the Members the pertinent activities of the Board and solicit communication from the Members.
 - 2.1.6.1. Conduct Congregational Assemblies at least bi-annually in the months of May and November (Article 4, Section 1 of the By-Laws).
 - 2.1.6.1.1. Include the following at the May Assembly:
 - The submission of the Audit Committee's annual report to the congregation (Article 7, Section 2 of the By-Laws).
 - The election of Board members (Article 4, Section 1 of the By-Laws).
 - A presentation of the changes made to the Policy Manual since the November Assembly (Article 7, Section 1 of the By-Laws).
 - A presentation of the status of the advancement of the Strategic Focus.
 - A presentation of the annual Endowment Fund financial report.
 - An Endowment Fund distribution recommendation, if applicable.
 - 2.1.6.1.2. Include the following at the November Assembly:
 - The annual Ministry Plan for consideration by the Congregation.
 - The annual Budget for consideration by the Congregation (Article 4, Section 1 of the By-Laws).
 - A presentation of the changes made to the Policy Manual since the May Assembly (Article 7, Section 1 of the By-Laws).
 - An Endowment Fund distribution recommendation, if applicable.
 - 2.1.6.2. Publish "Board Briefing" at least three times annually.
- 2.1.7. Exercise particular concern for the spiritual and physical welfare of the Senior Pastor.
 - 2.1.7.1. Exercise concern for all staff, supporting them with prayer and, upon the request of the Senior Pastor, appropriate counsel.
- 2.1.8. Conduct the Senior Pastor's Annual Performance Review. (See Policy 4.5.)
- 2.1.9. Perform administrative and supervisory activities as prescribed by the Constitution and By-Laws.
- 2.1.10. Annually designate housing allowances for called staff (see the Housing Allowance Policy in the Personnel Manual).

- 2.1.11. Annually affirm the Budget.
- 2.1.12. Annually appoint a financial auditing committee (per Article 7, Section 2 of the By-Laws) (see Policy 2.10.5.2.4).
 - 2.1.12.1. Receive, review, and accept the report of the annual financial auditing committee presented by the Financial Review Committee (see Policy 2.9.5.2.6).

2.2. BOARD MEMBERSHIP RESPONSIBILITIES – Board Members shall:

- 2.2.1. Regularly participate in the worship and discipleship life of the congregation.
- 2.2.2. Undertake personal spiritual disciplines for the development of their own faith lives.
- 2.2.3. Be prepared for, attend, and actively participate in all Board meetings, applicable committee meetings, member dialogues and Congregational Assemblies.
 - 2.2.3.1. Should it be necessary to miss a meeting, Board members shall make contact with the Board Chair for dialogue both before and after said meeting.
- 2.2.4. Work to expand their leadership abilities and increase their understanding of the mission and ministry of the congregation.
- 2.2.5. Gain a working knowledge of the Board's Policy Manual and the Constitution and By-Laws of the congregation.
- 2.2.6. Make informed decisions by insisting on complete and accurate information. Support all decisions once they have been fully discussed and resolved by the Board.
- 2.2.7. Invest personal energy and skills in the mission and ministries of the congregation, other than the role of Board of Directors Member.
 - 2.2.7.1. Members of the Board of Directors shall not serve as leaders on programmatic Ministry Teams. Determination will be made by the Board as to whether specific Ministry Team roles should be qualified as "leader" or pose a potential conflict for Board members.
- 2.2.8. Relate to other individuals with integrity, honesty and straightforwardness.
- 2.2.9. Bring to the Board Chair's immediate attention any condition or action that they believe exceeds a Senior Pastor Limitation Policy (see Policy 3 and Policy 4.6.).
 - 2.2.9.1. The Board Chair shall promptly present to the Senior Pastor the concern and give report to the Board.
- 2.2.10. Keep Board documents and discussions confidential, unless given permission by the Board acting as a whole. However, the Board Policy Manual, Board approved minutes (except those of executive sessions) and Board approved audited financial statements do not require permission as long as any Board discussion or information related to these documents remains confidential (see Policy 6.5).
- 2.2.11. Not hinder the Board process due to individual preferences or disruptive behavior.
- 2.2.12. Actively discipline themselves and other Members of the Board by identifying Board actions and conditions that run counter to the Board's policies.
 - 2.2.12.1. A Member of the Board who violates any policy shall be counseled by the Chair. Should violations continue, the Board Member shall be counseled by the Board as a whole. Decisions concerning a request for resignation of any Board Member who continues to violate policy after such counseling shall normally be made by the Board and shall require a 2/3 majority vote of the Board with said member not voting or being counted in

determining such majority. If the individual Board Member under discipline refuses to resign, the Board may request the congregation to remove the member from the Board. This request requires a 2/3 majority vote of the Board with said member not voting or being counted in determining such majority. (See Article 3, Section 2 of the By-Laws)

2.2.12.2. Should the Chair of the Board violate policy, it shall be the responsibility of the Vice-Chair to initiate such counsel.

2.3. ENUNCIATING GOVERNING POLICIES AND VALUES RESPONSIBILITIES

The Board shall maintain written policies of four types:

- 2.3.1. Policies with respect to Strategic Focus - Affirmative statements setting forth the purposes, effects and acceptable costs of operations.
- 2.3.2. Policies with respect to Board Self-Governance - Statements setting forth the style and rules with respect to the Board's own tasks and processes
- 2.3.3. Policies with respect to Senior Pastor Limitations - Limiting statements that bind or restrict activity of the Senior Pastor and his oversight of staff activities.
- 2.3.4. Policies with respect to Board and Senior Pastor Relationship - Clarifying statements about delegation to and monitoring of ministry implementation

2.4. GOVERNING PROCESS

- 2.4.1. Governing Philosophy.
The Board shall govern with an emphasis on:
 - Spiritual vision rather than internal preoccupation,
 - Encouragement of diversity of viewpoints,
 - Strategic leadership more than operational detail,
 - Ends rather than means,
 - A Clear distinction between the role of the Board and the role of the Senior Pastor,
 - Collective rather than individual decisions,
 - Future rather than past or present, and
 - Being proactive rather than reactive.
- 2.4.2. The Board, not the Staff, shall be responsible for excellence in governing. The Board will not merely react to staff initiatives but shall be the initiator of policies which direct, lead and inspire the congregation.
- 2.4.3. The Board will not use the expertise of individual Board members to substitute for the judgment of the Board, although the expertise of the individual Board members may be used to enhance the understanding of the Board as a body.
- 2.4.4. Scope of Activities
The activities of the Board shall be in accordance with and limited to the Board Policy Manual (Article 7, Section 1 of the By-Laws).
- 2.4.5. The Board of Directors shall act on behalf of the congregation in all matters delegated to it by the Constitution and By-laws or by action of the congregation. However, the Board of Directors shall not carry out actions specifically restricted by the Congregation's By-Laws (See Article 7, Section 2 of the By-Laws for a list of restricted actions)
- 2.4.6. Governing Policy Development
The Board's Governing Policies are to be active and dynamic. They are meant to be changed and refined regularly, based on the intent of each policy, the values of the Board, and the changing context within which the congregation functions.

- 2.4.6.1. Resolutions
The Board will pass and periodically reaffirm resolutions for specific actions only when those actions are required by law, the Constitution and By-laws or will affect only the Board.
- 2.4.6.2. Senior Pastor Actions
All Board decisions governing actions of the Senior Pastor shall be done through policy.
- 2.4.6.3. Governing Policy Review
Any Board member, the Senior Pastor or Congregational Assembly may ask for a review of specific policies. However, never does the responsibility for effective and appropriate policies rest with anyone other than the Board.
- 2.4.6.4. Governing Policy Review Schedule
The Board shall establish an annual policy review calendar to coordinate the review of every policy at least once a year (See Board Calendar). They will make every effort to coordinate the calendar with the business cycles of the congregation, reviewing appropriate policies just prior to management actions for decisions.
 - 2.4.6.4.1. A majority vote of the Board is needed to approve changes in the Policy Manual (Article 7, Section 1 of the By-Laws).

- 2.4.7. The Board's fiscal responsibility shall be discharged by:
 - 2.4.7.1. Establishing policies limiting the Senior Pastor's financial authority, Budget development and control of assets (see Policy 3.3).
 - 2.4.7.2. Establishing a line of credit for short-term debt to be used by the Senior Pastor as limited by Policy 3.3.5.
 - 2.4.7.3. Monitoring the fiscal soundness of the congregation.
 - 2.4.7.4. Systematically monitoring compliance with these policies as a part of the Board Self Review (Policy 2.7.2.5).
 - 2.4.7.5. Directing the Endowment Fund Committee with regard to the promotion and management of the Endowment Fund.
 - 2.4.7.6. Exercising administrative control of the Home Missions Fund to ensure that all distributions further the congregation's exempt purpose.

2.5. **CALLING OF A SENIOR PASTOR AND OTHER CALLED WORKERS**

In the case of a vacancy in the office of Senior Pastor or other called worker, the Board of Directors shall follow the procedures as established in Article 5, Section 1 of the By-Laws.

2.6. **ELECTION OF BOARD OF DIRECTORS MEMBERS**

- 2.6.1. Board of Directors Membership
 - 2.6.1.1. The number of Board Members shall be 9 (Article 6, Section 1 of the By-Laws).
 - 2.6.1.2. The Senior Pastor shall serve as an ex officio member, without vote, of the Board.
 - 2.6.1.3. Candidates for Board Membership may not
 - Have been on the payroll of the congregation currently or anytime within the immediate preceding three years (Article 5, Section 5 of the By-Laws).
 - Be a spouse of any staff member.

- Be related to any other Board member with less than three degrees of separation (parents, children, siblings, aunts/uncles, nieces/nephews or in-laws of same, grandparents).

2.6.2. Election

- 2.6.2.1. Election of Board Members shall take place each year at the regular meeting of the Congregational Assembly in May according to the election procedures set forth in Article 6, Section 3 of the By-Laws.
- 2.6.2.2. The Nominating Committee shall present a slate that includes at least one qualified candidate for each position to be filled (see Policy 2.9.4).
- 2.6.2.3. The Congregational Assembly shall elect only individuals who have been deemed qualified by the Nominating Committee (see Policy 2.9.4.3).
- 2.6.2.4. No more than three Board members shall be elected in any given year.
- 2.6.2.5. Board members shall be elected on a rotation basis with one third of the Board being elected each year (Article 6, Section 1 of the By-Laws).

2.6.3. Terms of Service

- 2.6.3.1. A term of service for a Board Member shall be three years (Article 6, Section 5 of the By-Laws).
- 2.6.3.2. Board Members may not serve more than two consecutive elected terms and if appointed to fill a vacancy, may not stand for re-election if another term would extend their service to more than seven years (Article 6, Section 5 of the By-Laws).
- 2.6.3.3. Newly elected Board members shall begin their terms of service on June 1st (Article 6, Section 5 of the By-Laws).
- 2.6.3.4. Should the number of Board Members or their terms of service fall out of alignment with Policy 2.6.1.1, and 2.6.2.5 no other process shall be used for realignment except the election process as outlined in these policies.

2.6.4. Vacancies

- 2.6.4.1. Vacancies that occur on the Board of Directors shall be filled by appointment of the Board, in accordance with Article 6, Section 2 of the By-Laws.
- 2.6.4.2. Appointment to fill a vacancy on the Board shall always be to complete an unexpired term and in no case shall such an appointment work in contradiction to the election of one third of the Board each year.
- 2.6.4.3. Every effort shall be made to fill vacancies within three months of their occurrence. However, if there is less than one year of service left in the term the position may remain vacant until it is filled through the election process.

2.7. BOARD OF DIRECTORS TRAINING AND SELF-REVIEW

- 2.7.1. In order to ensure quality governance and to discipline itself and its efforts, the Board will provide orientation and training for its members.
- 2.7.1.1. Training and retraining will orient new Board Members and increase existing Members' skills and understanding of Policy-Based Governance.

- 2.7.1.2. Third-party (non-Board, non-staff) monitoring assistance may be arranged so that the Board can exercise confident control over congregational performance (e.g. fiscal audit).
- 2.7.1.3. The Board shall periodically review the effectiveness of mechanisms used by the Board to listen to Members' viewpoints and values.
- 2.7.2. In order to discipline itself and its efforts, the Board will conduct an annual self-review. The Board shall create its own self-review process. The annual self-review of the Board of Directors shall focus on:
 - 2.7.2.1. The openness and communication among members of the Board.
 - 2.7.2.2. The Board's clarity of understanding of the needs and desires of the Members.
 - 2.7.2.3. The Board's openness and communication with the Senior Pastor.
 - 2.7.2.4. The Board's ability and skill in developing and monitoring policy.
 - 2.7.2.5. The Board's adherence to the Board Self-Governance policies (Policy 2).

2.8. OFFICERS OF THE BOARD OF DIRECTORS

Officers of the Board shall be a Chair, Vice-Chair, and Secretary: these shall also be the officers of the congregation (Article 6, Section 4 of the By-Laws). The Board shall elect its own officers at the first meeting of the new Board of Directors.

- 2.8.1. An individual shall be eligible to serve as the Chair or Vice-Chair only after serving one full year of an elected term immediately preceding election to the Chair/Vice Chair and may not serve for more than two consecutive years (Article 6, Section 4 of the By-Laws).
- 2.8.2. No Board member may hold more than one office (Article 6, Section 5 of the By-Laws).
- 2.8.3. CHAIR – The Chair shall:
 - 2.8.3.1. Ensure the integrity of the Board's process.
 - 2.8.3.2. Work with the Senior Pastor to establish the agenda for all meetings of the Board of Directors and Congregational Assemblies.
 - 2.8.3.3. Preside at all meetings of the voting membership and the Board of Directors (Article 7, Section 2 of the By-Laws) and:
 - Ensure that all meeting discussion content remains focused on those issues that, according to Board policy, clearly belong to the Board to decide or to monitor.
 - Ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.
 - 2.8.3.4. Initiate counsel with any Member of the Board who violates policy insuring that Policy 2.2.12 is followed.
 - 2.8.3.5. Take appropriate actions, which may not be stipulated, but essential for the thorough management of the Board's work so long as those actions are not in violation of other Board policies.
 - 2.8.3.6. Be a signatory (along with the Secretary) with respect to all legal documents and contracts executed on behalf of the Congregation (Article 7, Section 2 of the By-Laws).
 - 2.8.3.7. Determine, in consultation with the Senior Pastor, who should represent the congregation to the public or press should the need arise.

2.8.3.8. Vote at Board Meetings only to break a tie vote.

2.8.4. VICE-CHAIR – The Vice-Chair shall:

2.8.4.1. Preside at all meetings of the Board of Directors and Congregational Assemblies when the Chair of the Board is absent or when requested to do so by the Chair (Article 7, Section 2 of the By-Laws).

2.8.4.2. Initiate counsel with the Chair of the Board should the Chair violate policy ensuring that Policy 2.2.12 is followed.

2.8.5. SECRETARY – The Secretary shall:

2.8.5.1. Maintain the minutes of all meetings of the Board of Directors and Congregational Assembly and cause copies of all such minutes to be kept on file in the church office (Article 7, Section 2 of the By-Laws).

2.8.5.2. Conduct all official correspondence of the Board of Directors and the Congregational Assemblies.

2.8.5.3. Be a signatory (along with the Chair) with regard to all legal documents and contracts executed on behalf of the Congregation (Article 7, Section 2 of the By-Laws).

2.8.5.4. Ensure that the legal records of the Congregation are appropriately recorded and maintained (Article 7, Section 2 of the By-Laws).

2.9. COMMITTEES OF THE BOARD

The Board may from time to time use committees, but always consistent with the following principles:

2.9.1. Committee responsibilities shall flow directly from the Board's description of its job, and shall not impinge upon responsibilities delegated to the Senior Pastor.

2.9.2. Committees shall not manage any part of the congregation, or do staff work, except when working on a topic that is fully within the province of the Board and has not been delegated in any way to the Senior Pastor.

2.9.3. Except when empowered by the Board, committees shall have no executive or deciding authority. At all other times they will strive to develop and recommend policy only.

2.9.4. NOMINATING COMMITTEE

A Nominating Committee shall be appointed annually and shall consist of at least two Board Members appointed by the Board, with one being designated by the Board as Chairperson of the Committee, and at least three members-at-large appointed by the Chairperson of the Committee.

2.9.4.1. The Nominating Committee shall solicit, and receive, the names of prospective candidates from the Board or any member of the Congregation.

2.9.4.1.1. When calling for nominations, the Nominating Committee shall inform the congregation of the nominating process and provide to anyone wishing to nominate someone, the appropriate Board of Director's qualifications and responsibilities which includes pertinent information from policies 2.1, 2.2, 2.6, and 2.9.4 and a Nomination Form.

2.9.4.1.2. Anyone who chooses to nominate an individual must submit a completed nominating form for that person to the Nominating Committee.

2.9.4.2. The Nominating Committee shall develop a recommended slate of qualified candidates (see Policy 2.9.4.3) to fill the upcoming vacancies. The Nominating Committee will

make the final slate available to the congregation at least two weeks prior to its regular meeting in May (Article 6, Section 2 of the By-Laws).

2.9.4.2.1. All incumbents who are eligible and interested in serving another term shall be included on the final slate and do not need to be nominated again. The final slate, however, must include at least as many non-incumbent candidates as incumbent candidates.

2.9.4.2.2. When the slate is made available to the Congregation, the Nominating Committee shall include:

- Information regarding each nominee
- Procedures for the election process.

2.9.4.3. **Qualifications and Other Considerations**

In preparing its recommended slate of candidates for Board service, the Nominating Committee must seek candidates who:

- Meet the requirements of Board Membership as stipulated in (Article 6, Section 2 of the By-Laws).
- Are good communicators
- Are visionary leaders
- Can effectively represent the concerns of the Members of the congregation.
- Understand and support the concepts of Policy Based Governance.
- Understand and support the Strategic Focus of the congregation
- Are willing and able to accept the Board Responsibilities and Membership Responsibilities as delineated in Policies 2.1 and 2.2.
- Meet the criteria established for Board Membership in Policy 2.6.1.3.

2.9.4.4. The Nominating Committee shall ensure the consideration of diversity issues (age, race, ethnicity, gender) in determining its recommended slate.

2.9.4.5. The Nominating Committee shall take into consideration the current composition of the Board in determining its recommended slate.

2.9.4.6. The Nominating Committee shall maintain a list of candidates for interim vacancies according to Article 6, Section 2 of the By-Laws.

2.9.5. **FINANCIAL REVIEW COMMITTEE OF THE BOARD**

The Financial Review Committee of the Board shall assist all Board members in enhancing their abilities to read and understand the financial statements, audit reports, etc., submitted by the Senior Pastor. Additionally, the Committee will share its reactions to these statements and reports with the Board.

2.9.5.1. The Financial Review Committee shall be appointed annually and will consist of at least 2 members of the Board; one member serving as Chair.

2.9.5.2. The Financial Review Committee is responsible for assisting the Board in its oversight of compliance with the Fiscal Responsibility Policy (see Policy 2.4.7) and the Financial Conditions Policy (see Policy 3.3.3.3).

2.9.5.2.1. The Financial Review Committee will research and recommend changes to financial policies to the Board.

2.9.5.2.2. The Financial Review Committee will meet at least quarterly to review and to prepare for the Board a summary analysis and commentary which aids in the Board's understanding of the congregation's financial condition or projected future financial condition.

- 2.9.5.2.3. The Financial Review Committee will meet at least quarterly with the Senior Pastor, or his designee, to review the analysis of the financial condition of the congregation, the results of the annual Financial Audit, and the effectiveness of the policies and practices implemented by the Senior Pastor for financial control.
- 2.9.5.2.4. The Financial Review Committee will recommend the appointment of no less than two annual financial auditors to the Board.
- 2.9.5.2.5. The Financial Review Committee will direct the financial auditors to perform their work according to the Financial Review Program detailed in the LCMS Congregational Treasurer's Manual.
- 2.9.5.2.6. The Financial Review Committee will present the report of the annual financial audit to the Board.

2.9.6. **ENDOWMENT FUND COMMITTEE**

The Endowment Fund Committee shall be appointed annually. The appointees will consist of at least two members of the Board, the Financial Controller, and at least three lay members selected by the Board. The Endowment Fund Committee will meet no less than quarterly and will provide oversight of the Endowment Fund in accordance with the Endowment Fund Summary Plan Description.

2.10. **DIALOGUE WITH MEMBERS**

It is the Board's responsibility to actively identify segments of people that have a felt stewardship in the congregation, and ask for input on the Strategic Focus. To fulfill this obligation:

- 2.10.1. The Board will annually appoint a Board member as the Dialogue Coordinator who shall:
 - 2.10.1.1. Maintain a master list of the Congregation's key Member segments as identified by the Board.
 - 2.10.1.2. Take the lead with regard to coordinating the logistics for all Member Dialogue meetings.
- 2.10.2. The Board will review and update the Member segment master list and invite representatives of the various Member segments to dialogue with the Board no less than quarterly.
- 2.10.3. The Members' dialogue will center around these central questions:
 - 2.10.3.1. What is your reaction to the Board's "Strategic Focus" (i.e. What do you like? What concerns you? What's missing that you feel should be included? What do you have questions about?)
 - 2.10.3.2. What part of the "Strategic Focus" is Prince of Peace doing well? Where do we most need to improve as a congregation?
 - 2.10.3.3. What is Prince of Peace doing well right now to serve people in the group you represent?
 - 2.10.3.4. What concerns do you have about how Prince of Peace is serving people in the group you represent?
 - 2.10.3.5. What does the Board need to know about people in the group you represent in order to serve you best and to reach others outside the church?
 - 2.10.3.6. What dreams do you have for Prince of Peace?

2.11. BOARD CALENDAR, AGENDA AND MEETING PROCEDURES

- 2.11.1. The Board shall establish a basic structure for its meetings to assist the Board and Senior Pastor in processing information in a way that allows them to maintain a policy based orientation.
- 2.11.2. The Board agenda shall work in tandem with the calendar (See Appendix A). Additional items may be added as needed.
- 2.11.3. Only Members of the Board, the Senior Pastor, invited guests and presenters shall be seated at the Board table.
- 2.11.4. Attendees who are not members of the Board shall only have speaking privileges when recognized by the Chair.
- 2.11.5. The Board shall hold its regular meeting on a monthly basis. Additional meetings may be scheduled as needed.
- 2.11.6. The Board shall not meet or conduct a vote on any matter without at least five Board members being present.

3. SENIOR PASTOR LIMITATIONS

3.1. PRIMARY LIMITATION

When representing the Congregation, the Senior Pastor shall not act in a manner that is unethical, imprudent, illegal or inconsistent with the Constitution, By-Laws and Governing Polices of the congregation.

3.2. COMMUNICATION AND SUPPORT TO THE BOARD

3.2.1. The Senior Pastor shall not permit the Board to be uninformed or unsupported in its work.

3.2.2. The Senior Pastor shall not allow the Board to be unaware of:

3.2.2.1. Relevant trends that impact the ministry of the congregation.

3.2.2.2. Non-compliance, by Board or Staff, with any governing policy.

3.2.2.3. Anticipated adverse media coverage.

3.2.2.3.1. Allegations against anyone in a ministry capacity.

3.2.2.3.2. Any report of abuse or sexual, financial or professional misconduct alleged against any member of the staff that is about to become public.

3.2.2.4. Demotion, firing, or resignation of staff (within 24 hours of such action).

3.2.2.5. Hiring or promotion of staff.

3.2.2.6. Death or serious illness of staff or their immediate family.

3.2.2.7. Crises affecting the work, health or safety of staff.

3.2.2.8. Potential lawsuits against the congregation.

3.2.2.9. Situations that affect the annual Budget by 2% or greater of the Budget's total.

3.2.2.10. Changes in the assumptions on which any Board policy has been established.

3.2.2.11. Synodical or District directions and recommendations that affect the Board's work.

3.2.2.12. Conditions that could have a negative impact on a major ministry program or reputation of the congregation.

3.2.3. The Senior Pastor shall provide the Board with any information the Board desires in order to make informed decisions.

3.3. FINANCIAL

3.3.1. The Senior Pastor shall hire and retain on staff a qualified Financial Controller who will produce budgets, reports and projections, and other financial work as needed.

3.3.2. The Senior Pastor will seek the review and advice of the Financial Review Committee no less than quarterly.

3.3.3. The Senior Pastor shall not allow the preparation or presentation for Congregational approval any Budget which, without the approval of the Board:

3.3.3.1. Develops a fiscal year Budget after the beginning of the fiscal year.

- 3.3.3.2. Is built on anything other than a Ministry Plan which moves the congregation forward with regard to its Strategic Focus.
- 3.3.3.3. Is built on unsound assumptions about financial conditions. Financial conditions are defined as projected earnings/contributions, operating costs, other income/expense, and transfers to and from investment income.
- 3.3.3.4. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
- 3.3.3.5. Allows a Budget that jeopardizes the advancement of the Board's Strategic Focus Policies.
 - 3.3.3.5.1. Allows the Budget for the General Fund cash balances to be less than 60% of average monthly Budget expenditures.
 - 3.3.3.5.2. Allows the Budget for year-end General Fund cash balances to be below 125% of average monthly Budget expenditures.
- 3.3.3.6. Endangers the fiscal soundness of future years or ignores the building of congregational capability sufficient to advance the Strategic Focus in future years.
- 3.3.3.7. Fails to consider the financial needs of the Board of Directors to perform its duties.
- 3.3.4. The Senior Pastor shall not, without Board approval:
 - 3.3.4.1. Allow expenditures to exceed by more than 5% of the amount planned in the annual Budget for any department, unless the expenses are deemed to be beyond the control of the Senior Pastor, such as, but not limited to, an unforeseen increase in utility or health plan rates.
 - 3.3.4.2. Allow total expenditures to exceed by more than 2% the amount planned in the annual Budget.
- 3.3.5. The Senior Pastor shall not allow the borrowing of funds for working capital in any amount except for the direct expense associated with the emergency repair or replacement of plant or equipment required to protect the building and assets of the congregation. In the event such borrowing occurs, the Senior Pastor will notify the Board as soon as possible. (See Policy 2.4.7.2.)
 - 3.3.5.1. The Senior Pastor shall not allow the congregation to carry short-term debt for longer than ten consecutive months.
- 3.3.6. The Senior Pastor shall ensure the settlement of payroll and debts in a timely manner.
- 3.3.7. The Senior Pastor shall not allow the use of any planned giving receipts that deviates from the written Planned Giving Gifts Guidelines (see Policy 7).
- 3.3.8. The Senior Pastor, in reporting financial activities and position, shall not allow deviation from generally accepted accounting principles consistently applied as required by the Board.
- 3.3.9. The Senior Pastor shall not allow the investment of any financial assets that deviates from the written Investment Policy (see Policy 8).
- 3.3.10. The Senior Pastor shall not allow staff to expend any amount in excess of 20% over a budgeted line item without first receiving approval of their supervisor.
- 3.3.11. The Senior Pastor shall not allow the handling of cash within the congregation that does not comply with written guidelines detailing such activity (see Cash Handling Policy 9.)

- 3.3.12. The Senior Pastor shall not distribute any portion of the Home Missions fund for himself or any family member without the prior approval of the Board of Directors.
- 3.3.13. The Senior Pastor shall not authorize housing assistance loans or any other financial assistance loan to staff without prior approval from the Board of Directors (see the Financial Assistance Policy in the Personnel Manual).
- 3.3.14. The Senior Pastor shall not authorize severance pay for staff without prior approval from the Board of Directors (see the Severance Pay Policy in the Personnel Manual).

3.4. **ASSET PROTECTION**

- 3.4.1. The Senior Pastor shall ensure the procurement of insurance against theft and casualty losses for full replacement value and against liability losses to Board Members, staff, and the congregation itself in an amount greater than the average for comparable congregations.
- 3.4.2. The Senior Pastor shall not allow unauthorized personnel access to material amounts of funds.
- 3.4.3. The Senior Pastor shall not allow the plant, grounds and equipment to be subjected to improper wear and tear or insufficient maintenance.
- 3.4.4. The Senior Pastor shall not allow the congregation, its Board or staff to be exposed to claims of liability.
- 3.4.5. The Senior Pastor shall ensure that intellectual property, information, and files are protected from loss or significant damage.
- 3.4.6. The Senior Pastor shall not make or allow any purchase over \$5,000 without obtaining comparative prices and quality assessment.
- 3.4.7. The Senior Pastor shall not allow any staff to endanger the congregation's public image or credibility, particularly in ways that would hinder the accomplishment of its mission.

3.5. **OPERATIONAL STRUCTURE**

- 3.5.1. The Senior Pastor shall not allow a structure that has a neutral or negative effect on the Strategic Focus of the congregation.
- 3.5.2. The Senior Pastor shall not operate without a written plan for the temporary or permanent absence of ministry staff. This plan shall include details regarding who will preach and administer the sacraments in the absence of an ordained minister.
- 3.5.3. The Senior Pastor shall not allow any Staff to create Ministry Plans and procedures that have a neutral or negative impact on the growth and development of the ministries of the congregation.

3.6. **PERSONNEL**

- 3.6.1. The Senior Pastor shall not allow the congregation to operate without effective, established Personnel Policies which:
 - clarify personnel rules,
 - provide for effective handling of grievances,
 - provide for evaluation procedures, and
 - protect against wrongful conditions, such as discrimination and grossly preferential treatment for personal reasons.
- 3.6.1.1. Personnel Policies shall not:
 - Deviate from local, state or federal law or regulations in the ethical treatment of employees.
 - Be in conflict with the effective day-to-day operation of the congregation.

- Fail to establish an effective, written Conflict of Interest Policy for the staff.
 - Impair the dignity, safety, and right to ethical job-related dissent of employees. Grievances by employees shall receive a fair, internal hearing through procedural safeguards, shall be guided by the principles of Matthew 18:15-20, and shall provide for the effective escalation of notification, especially in instances where the Senior Pastor is a party to the dispute.
- 3.6.2. The Senior Pastor shall not promise or imply permanent or guaranteed employment.
- 3.6.3. The Senior Pastor shall not allow positions to be undefined or allow position descriptions that inaccurately reflect the responsibility and tasks assigned to the position.
- 3.6.4. The Senior Pastor shall not allow positions to exist where there are inadequate resources available for a qualified person assigned the position to succeed.
- 3.6.5. The Senior Pastor shall not allow the Senior Pastor's position description to assume authority that is clearly delegated to some other entity or person.
- 3.6.6. The Senior Pastor shall ensure that annual written staff evaluations are conducted and that the results are shared with the appropriate staff member.
- 3.6.7. The Senior Pastor shall ensure that the staff is informed of the process being used to make decisions except to maintain the personal privacy of those being served or as required by law or these Policies.
- 3.6.8. The Senior Pastor shall ensure that staff is acquainted with their rights under these Personnel Policies.
- 3.6.9. The Senior Pastor shall not implement any changes to the organizational structure of the staff prior to presenting and explaining the new structure to the Board.

3.7. **COMPENSATION**

- 3.7.1. The Senior Pastor shall not establish compensation and benefits that are inconsistent among staff members.
- 3.7.2. The Senior Pastor shall not, without justification, allow compensation that deviates materially from the geographic or professional market skills for the called or employed workers.
- 3.7.3. The Senior Pastor shall not allow salary increases to be based on anything other than merit, as justified in the performance review and by available resources. (This does not include increases to the base pay levels that shall be determined by the Board utilizing information including, but not limited to guidance provided by the Northern Illinois District - LCMS.)
- 3.7.4. The Senior Pastor shall not change his own compensation and benefits.

3.8. **LONG RANGE OUTLOOK**

- 3.8.1. The Senior Pastor shall provide his Long Range Outlook annually which will include information on the economic, sociological, theological, synodical, legal and political conditions and trends in the congregation's communities.
- 3.8.2. The Senior Pastor shall not develop a long-range outlook study that fails to consider the Strategic Focus.
- 3.8.3. The Senior Pastor shall not develop a long-range outlook study that fails to consider and identify the changes in the climate and conditions that affect the congregation.

3.9. PLANNING

- 3.9.1. The Senior Pastor shall ensure the development and implementation of bi-annual Ministry Plans.
- 3.9.2. The Senior Pastor shall not allow Ministry Plans that fail to align with the Strategic Focus and center on the Desired Outcome Targets set by the Board.
- 3.9.3. The Senior Pastor shall not allow the staff to develop an annual Budget without previewing and updating their Ministry Plans.

3.10. LAY MEMBERS & MINISTRY TEAMS

- 3.10.1. Neither the Senior Pastor nor the staff which report directly to him (hereafter referred to as "Senior Staff") shall conduct their ministries without the benefit of regular and ongoing interactions with and advice from lay members of the congregation.
- 3.10.2. The Senior Pastor shall not allow staff to conduct their ministries without a commitment to the "priesthood of all believers." He shall therefore encourage staff to form Ministry Teams, composed of lay members of the congregation, to assist staff in their work.
 - 3.10.2.1. The Senior Pastor shall not allow the existence of Ministry Teams that are ineffective or opposed to the Strategic Focus.

3.11. STRATEGIC ALLIANCES

- 3.11.1. Strategic Alliances are mutually beneficial relationships with other organizations or individuals built upon a common vision or goal, which allow all parties to honor their core values, enhance the pursuit of their missions, and maintain operational autonomy.
- 3.11.2. The Senior Pastor shall explore and, as appropriate, establish strategic alliances.

3.12. GIFTS AND BEQUESTS

- 3.12.1. The Senior Pastor shall support and ensure the ongoing development and promotion of the Endowment Fund.
- 3.12.2. The Senior Pastor shall not permit the congregation to accept gifts and bequests that run counter to the congregation's values and policies, have a neutral or negative effect on the Strategic Focus, or violate the congregation's §501(c)(3) not-for-profit status (see United States Internal Revenue Code -26 U.S.C. § 501(c)).

4. BOARD/SENIOR PASTOR RELATIONSHIPS

4.1. ACTIONS REQUIRING BOARD APPROVAL

The following areas require the approval of the Board and may not be delegated:

- 4.1.1. Election of Officers of the Board.
- 4.1.2. Selection of the auditor/reviewer.
- 4.1.3. Receipt and review of financial audits.
- 4.1.4. Appointment of legal counsel.
- 4.1.5. Affirmation of the annual Budget.
- 4.1.6. Change in the membership of any committee of the Board.
- 4.1.7. The discharge of any committee of the Board.

4.2. MANNER OF DELEGATING

- 4.2.1. The function of the Board is to develop, monitor and enforce governing policy, not to implement it.
- 4.2.2. Except for assignments of its own work to committees, consultants or officers the Board shall delegate authority only to the Senior Pastor. Any other subordinate employee or entity operating with the authority of the congregation shall receive that authority from the Senior Pastor or a person assigned such authority by the Senior Pastor.
 - 4.2.2.1. The Board shall relate to all programmatic staff officially only through the Senior Pastor.
 - 4.2.2.2. Members of the Board shall be prudent in their contact with staff and shall keep the Senior Pastor informed about significant contacts they have with any staff member.
- 4.2.3. The Board shall address only broad levels of issues in governing policies leaving lesser levels (i.e. operational policies) to the discretion of the Senior Pastor. The Senior Pastor, using any reasonable interpretation of the Board's stated Strategic Focus and Senior Pastor Limitations may develop operational guidelines, rules or procedures and may make decisions in any way the Senior Pastor deems appropriate as long as governing policies adopted by the Board are observed.
- 4.2.4. The authority of the Senior Pastor shall begin where the explicit pronouncements of the Board end. Except as required by governing policies or law, decisions of the Senior Pastor do not need approval by the Board.

4.3. SENIOR PASTOR FUNCTION – The Senior Pastor shall:

- 4.3.1. Be empowered to take all actions and make all administrative decisions that are deemed necessary to attain congregation results except (a) actions which are not in accordance with the congregation's Strategic Focus, (b) actions which are in violation of law, applicable regulations, orders of courts or commonly accepted business and professional ethics, and (c) actions which are in violation of Constitution and By-Laws or specific further Senior Pastor Limitations stated by the Board in policies.
- 4.3.2. Ensure the ongoing development of operational guidelines, rules or procedures that the Senior Pastor deems appropriate as long as governing policies adopted by the Board are observed.

4.4. SENIOR PASTOR ACCOUNTABILITY

The Senior Pastor shall be accountable to the Board for:

- 4.4.1. Advancement of the congregation's Strategic Focus through personal and staff action.
- 4.4.2. Compliance of personal and staff actions to limits established in the Senior Pastor Limitations Policies.
- 4.4.3. Provision of adequate counsel to the Board through personal and staff action, including counsel on social, legal, theological, synodical and other changes relevant to the Board's decision areas.
- 4.4.4. Obtaining the approval of the Board for changes to the Senior Pastor's position description within the personnel constraints.
- 4.4.5. Relating with integrity, honesty, and straightforwardness to the Board.

4.5. SENIOR PASTOR PERFORMANCE REVIEW

- 4.5.1. The Board shall consistently advise the Senior Pastor of his performance, and, at least annually, conduct a formal performance review.
 - 4.5.1.1. Upon the request of the Board, the Senior Pastor shall submit an annual self-review along with his current job description for the Board to consider while conducting his performance review.
- 4.5.2. In conducting the Senior Pastor's annual performance review, the Board shall only consider the congregation's progress toward achieving the Board's desired outcomes. Advancement of the Strategic Focus while staying within Senior Pastor Limitations and complying with other policies shall be seen as successful performance by the Senior Pastor.
 - 4.5.2.1. In conjunction with the annual review, the Board shall discuss the Senior Pastor's performance, without the Senior Pastor being present. This discussion shall focus only on adherence to policy. The Board shall guarantee individual anonymity when reporting the results of this discussion to the Senior Pastor.
 - 4.5.2.2. In addition to other information they may seek in conducting the performance review, the Board may interview all direct reports of the Senior Pastor concerning the performance of the Senior Pastor. These interviews will focus only on adherence to policy. The Board shall guarantee individual anonymity when reporting this information to the Senior Pastor.
- 4.5.3. When the performance review has been completed, the Board shall present the review face-to-face with the Senior Pastor and provide him with a written copy of the results.
 - 4.5.3.1. The Board shall allow the Senior Pastor an opportunity to respond to his review.
 - 4.5.3.2. If the Senior Pastor's performance review is less than acceptable, the Board shall counsel the Senior Pastor and assist him in establishing a plan to improve his performance.

4.6. EXCEEDING SENIOR PASTOR LIMITATION POLICIES

- 4.6.1. The Senior Pastor shall give an immediate notice to the Chair of the Board once a Senior Pastor Limitation has been recognized to have been exceeded.
 - 4.6.1.1. If the Senior Pastor Limitation has been exceeded for an excessive period of time and has gone unnoticed, the Senior Pastor, in consultation with the Board, will develop a better monitoring system.

- 4.6.2. If the exceeded Senior Pastor Limitation is immediately correctable, the Senior Pastor shall take the necessary action within policies and report the results to the Board.
- 4.6.3. If the exceeded Senior Pastor Limitation is not immediately correctable, the Senior Pastor shall establish and implement corrective actions, reporting them and gaining approval of a deadline for complete correction from the Board.
 - 4.6.3.1. The Senior Pastor shall continue to report in a timely fashion on the actions taken and their results until the exceeded Senior Pastor Limitation is corrected.
 - 4.6.3.2. The Senior Pastor shall give immediate notice when it is recognized that a deadline will be missed, and submit a new plan for action if the delay is excessive.
 - 4.6.3.3. The Senior Pastor may use internal or external resources to correct the exceeded Senior Pastor Limitation without violating the Senior Pastor Limitations Policies.
 - 4.6.3.4. The Board shall review any Senior Pastor Limitation Policy that has been exceeded for its soundness as a test of ethical and prudent behavior.
- 4.6.4. The Board shall not allow one-time exceptions to policies. If an action is acceptable under certain conditions, then those conditions shall be stated in the policy.
- 4.6.5. The Senior Pastor shall develop or improve processes to avoid recurrence of any exceeding of Senior Pastor Limitations.
- 4.6.6. If repeated recurrences of exceeding Senior Pastor Limitations occur, the Board may conduct an additional performance evaluation of the Senior Pastor.
 - 4.6.6.1. If recurrences of exceeding Senior Pastor Limitations persist, after the additional performance evaluation, the Board shall consult with the Northern Illinois District president, in conjunction with Article 3, Section 3 of the By-Laws.

4.7. MEANS OF MONITORING

- 4.7.1. For the most part, the Board will utilize reports submitted by the Senior Pastor to monitor adherence to and progress toward governing policies. However, on rare occasions, as determined necessary by a 2/3 majority vote of the entire Board and where not otherwise stipulated, the Board may use Direct Inspection to determine adherence and progress.
- 4.7.2. Direct Monitoring
These are the actions used to confirm compliance with the Board's policies. The Senior Pastor shall provide written reports for all monitoring data at least one week prior to each scheduled Board meeting:
 - 4.7.2.1. Report at least twice a year to the Board on the advancement toward the Desired Outcome metrics of the congregation (see Policy 1.4).
 - 4.7.2.1.1. Evangelism Metrics
 - Non-member baptisms.
 - Non-member adult "Professions of Faith."
 - Non-member youth confirmations.
 - Evangelistic events held and visitor follow-up.
 - Training in personal evangelism offered and number of people trained.
 - Evangelistic resources in use.
 - Percent of members who say they have had a spiritual conversation with a non-Christian in the last six months.

- 4.7.2.1.2. Assimilation Metrics
 - Number and percent of members serving on a ministry team.
 - Number and percent of members making financial contributions to POP in the last year.
 - Percent of recent new members (joined POP within the last year) who are currently involved in a Bible class, PEACE Group and/or serving on a ministry team.
 - Number and percent of “A” members serving people outside the church (i.e. mission trips).
- 4.7.2.1.3. Discipleship Metrics
 - Weekend worship attendance.
 - Percent of members involved in POP Bible classes and small groups.
 - Percent of members who say they read and meditate on the Bible “daily” or “several times/week.”
 - Percent of members who say they pray “daily” or “several times/week.”
- 4.7.2.1.4. Community Metrics
 - Number and percent of members involved in a small group.
 - Number and percent of members who feel known, loved and cared for in a personal way.
- 4.7.2.2. Provide the following financial reports to the Board on a monthly basis:
 - Statements of actual and budgeted contributions, operating costs and expenditures.
 - A report indicating any transfers made from, or to, the Congregation’s investments.
 - A report of the Congregation’s financial position with comparisons to the Budget and prior year’s experience.
 - A summary including analytical comments to aid in the understanding of the reports provided.
- 4.7.2.3. Provide to the Board biannually reports concerning the performance of all investments of the congregation.
- 4.7.2.4. Present to the Board for affirmation, the proposed annual Budget, any other budget developed, and any modification to a budget previously affirmed. All budgets are to be developed according to Policy 3.3.3.
- 4.7.2.5. Provide to the Board the current Operational Policies Manual and revisions as they occur.
- 4.7.2.6. Present to the Board of Directors a quarterly update on the implementation of the Ministry Plans.
- 4.7.2.7. Provide to the Board an annual report of the Admission into Membership and Termination of Membership as detailed in Articles 1 and 2 of the By-Laws.
- 4.7.3. In reviewing all reports, the standard for compliance with all policies shall be the Senior Pastor’s reasonable interpretation of governing policies. While the Board shall make the final determination regarding such “reasonable interpretation,” they shall base such determination on a neutral interpretation rather than any bias of the Board or individuals.

5. CONFLICT OF INTEREST POLICY

The Board commits itself and its Members to ethical, businesslike and lawful conduct. This includes proper use of authority and appropriate decorum when acting as Board Members.

- 5.1. Board Members must represent non-conflicted loyalty to the interests of the Members. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any Board Member acting as a client or family member of a client of the congregation's services.
 - 5.1.1. Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - 5.1.2. There must be no self-dealing or any conduct of private business or personal services between any Board Member and the congregation except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
 - 5.1.3. When the Board is to decide upon an issue about which a Member has an unavoidable conflict of interest, that Member shall recuse her/himself without comment on the deliberation as well as the vote on the matter.
 - 5.1.4. Board Members must not use their positions to obtain employment in the congregation for themselves, family members or close associates. Should a Board Member desire such employment, s/he must first resign from the Board.
 - 5.1.5. Board Members will annually disclose their involvement with other organizations, with vendors, or any other associations that might produce a conflict of interest.
- 5.2. When a Board member fails to recuse her/himself in a situation where other Board Members perceive a conflict of interest, the Member may be excused from the Board's session with a 2/3 vote of the Board (not including the Board Member under consideration).

6. BOUNDARY MANAGEMENT POLICY

The Board commits itself and its Members to ethical, businesslike and lawful conduct. This includes proper use of authority and appropriate decorum when acting as Board Members. The following establishes the Board's Boundary Management Policy and shall be reviewed by the Board annually.

- 6.1. Board Members may not attempt to exercise individual authority over the congregation except as explicitly set forth in Board policies.
- 6.2. Board Members' interactions with the Senior Pastor or other staff must recognize the lack of authority vested in individuals except when explicitly Board-authorized.
- 6.3. Board Members' interactions with public, press or other entities must recognize the same limitation and inability of any Board Member to speak for the Board.
- 6.4. Board Members will give no consequence or voice to individual judgments of the Senior Pastor or staff performance.
- 6.5. Board Members will respect the confidentiality appropriate to issues of a sensitive nature.
 - 6.5.1. Should the sensitivity of an issue not be clear to a Board Member, s/he shall consult with the Board Chair before sharing information with another person.

7. PLANNED GIVING GUIDELINES

7.1. Oversight Responsibility

The Senior Pastor shall have responsibility for the oversight of this policy (See Policy 3.3.7).

7.2. Ethics & Donor Advice

When dealing with commitments of major assets, donors should be encouraged to consider critical issues, such as their families or personal health needs, before giving assets to the Church:

- Donors should also be encouraged to consult their own attorneys or accountants before giving major assets to the Church.
- Any representative of the Church who engages in communications with donors or potential donors regarding deferred gifts to the Church shall directly advise them in writing to consult with their attorneys and/or accountants concerning the legal and financial consequences of any such gift(s).
- To avoid conflicts of interest, the Church will not be responsible for the cost of services rendered by attorneys, accountants or other consultants who personally advise donors or potential donors in making deferred gifts to the Church.
- The Church will not pay, directly or indirectly, for any right(s) to receive a deferred gift of any kind.
- Unless a donor's intent to make a deferred gift to the Church is clearly stated and documented in such form as to leave no question regarding the donor's intent, the Church shall obtain a written statement from the donor that he/she has received or has had the opportunity to obtain independent counsel's advice. The statement should be signed and dated by at least one credible witness.

7.3. Disclosures

The Church will practice complete financial disclosure and stand accountable to its donors and the Members in raising and spending the Lord's money.

- This includes publishing an annual financial report, providing financial statements upon request, and honoring any reasonable request to inspect the Church's financial records and expense reports, not to include individual donors' accounts.
- All representations of fact, description of financial condition, or narrative about events must be current, complete, and accurate.
- There may be no material omissions or exaggerations of fact or use of misleading material that creates or implies a false impression or misunderstanding about the Church, its vision and mission, its finances, or any of its affairs.

7.4. Donor Recognition

The Church may recognize donors in a way that celebrates stewardship as part of discipleship. Any donor recognition should acknowledge the demonstrated obedience of the individual(s) as a steward of the gifts God has provided. The Church shall at no time encourage recognition strategies that glorify the donor rather than God.

7.5. Donor Confidentiality

The Church will maintain its own donor base unless, by specific approval of the Board, a third party is authorized to do this on the Church's behalf.

- The Church will not rent, sell or exchange its donor list with any organization.
- The Church considers all donor records confidential and, therefore, as a general policy will not publicize donor names, unless the donor authorizes it and when there is a specific agreement between the Church and the donor on exactly how the name will be publicized.
- The Senior Pastor may access individual giving and/or pledge accounts.

7.6. **Gifts of Property**

When gifts of property (i.e. real property or tangible personal property) are received by the Church, the acknowledgment or receipt should describe the property accurately without a statement of the gift's market value in accordance with IRS regulations.

- A precise description of the property should be provided to the Senior Pastor for the preparation of a formal acknowledgement letter.
- If the donation consists of property intended to become part of the Church's fixed assets, then a specific description of the property and an approximate valuation should be provided by the donor to the Senior Pastor so that the item may be included in the Church's fixed assets inventory.

7.7. **Gifts of Stocks or Bonds**

Any contribution of stocks or bonds will be accepted in accordance with the Church's Gifts of Property Policy.

- Contributed stock or bonds should be sold as soon as practicable after receipt. The Senior Pastor shall maintain policies and staff accountability for the efficient disposition of such gifts.

7.8. **Gift Designation**

When the Church is a beneficiary of a will and the gift has been designated to a pre-approved fund or fundraising effort, per the Designated Giving Policy, the gift will be designated for that purpose. If the gift has not been designated for a pre-approved fund or fundraising effort, then the Senior Pastor, after having sought the opinion of the Financial Review Committee, will make recommendations to and receive approval from the Board regarding its disposition.

7.9. **Removal of Gift Designation**

The Board of Directors retains the right to remove the restrictions on a gift when it is in the best interests of the church to do so. This reservation of right shall be set forth on all POP solicitation materials relating to designated gifts. This reservation of right shall read as follows: "By contributing to any designated fund of POP, donors acknowledge that the Board of Directors has the authority to apply designated contributions to another purpose when it is in the best interest of the church to do so".

8. INVESTMENT POLICY

8.1. Purpose

The Investment Policy shall serve to guide the temporary investment (i.e., less than one year) of financial assets for the Church. The stewardship of financial assets shall entail consideration of the safety and soundness of principal, and liquidity (ability to convert to cash without loss of principal) as the primary objective. The rate of return is considered to be a secondary objective.

8.2. Oversight Responsibility

The Senior Pastor shall have responsibility for the oversight of this policy (See Policy 3.3.9).

8.3. Acceptable Investments and Suitability Criteria

The following investments shall be acceptable as long as their respective suitability criteria are met:

8.3.1. Federally insured financial institutions

- No amount greater than \$100,000 shall be invested in any single U.S. domestic financial institution unless such institution has a bond rating from S&P or Moody's (or other similar rating agency) of A or better
- Investments in time deposits shall not have a maturity that exceeds 366 days
- Investment in a repurchase agreement account is acceptable when backed by a pledge of U.S. government securities

8.3.2. Registered Mutual Funds

- Investment in mutual funds shall be limited to money market funds that invest solely in U.S. government securities
- The money market funds must have an objective to maintain a stable per-unit value.

8.3.3. U.S. Government Securities

- Treasury notes or bills issued by the US Government or Agencies thereof.
- The maturity of such instruments shall not exceed a maturity in excess of 366 days.

8.3.4. Lutheran Church Extension Fund.

The following LCEF investment products may be utilized:

- Steward account
- Fixed Rate Notes with a term not to exceed 1 year
- Growth Certificate with a term not to exceed 1 year

8.3.5. Commercial Paper: It must have an A1P1 rating with a term not to exceed 32 days, and the paper must be issued by a US Domestic company.

8.4. Prohibited Investments

The following investment mediums are not acceptable:

- Common or Preferred Stocks
- Corporate notes & bonds/convertible securities
- Loans or asset backed securities
- Tax exempt or local government entity securities
- Commodity contracts
- Futures or derivative securities
- Any other investment that does not meet prudent safety/soundness liquidity objectives.
- Any securities or contracts that benefit corporations or organizations involved in activities that are counter to the core values, mission, vision, or doctrinal beliefs of the congregation.

If any of the above noted Prohibited Investments are gifted to the Church, such investments shall be liquidated as soon as reasonably possible (unless the gift has specific instructions for disposition).

9. CASH HANDLING GUIDELINES

9.1. Oversight Responsibility

The Senior Pastor shall have responsibility for the oversight of this policy (See Policy 3.3.11).

- 9.1.1. No individual will be required or allowed to handle the Church's income alone until it has been counted and a deposit has been prepared for it. One individual may affect the deposit of these funds only after a deposit slip has been created by at least 2 individuals.
- 9.2. Except for petty cash funds, no cash will be stored in the Church on a regular basis.
- 9.3. All income transactions (receipts and disbursements) will be properly recorded and verifiable. It is understood that the recording of income/gifts from individuals of the congregation is a confidential matter and such records are only available to the Senior Pastor and staff designated by the Senior Pastor for maintaining and developing reports against these records. Summary statements of Member activity may be provided to the Governing Board when required.
- 9.4. Immediately following a Church service, two persons will carry the contents of the offering plates to a room for counting or placed in an adequate container for counting. Church funds/offering are never to be taken off site for counting.
 - 9.4.1. The envelopes are to be opened by the money counters as a group or by designated staff. Members will be encouraged to mark the envelopes as to the intent and purpose if for other than undesignated offerings.
 - 9.4.2. Balances between envelope totals and cash/check totals are to be reconciled.
 - 9.4.3. A summary report, outlining the amounts to be credited to the various accounts, is to be prepared and initialed by at least two persons.
 - 9.4.4. A deposit slip is prepared by at least two persons. All monies shall be deposited promptly.
 - 9.4.5. A copy of the deposit slip be given to the Financial Controller and the summary report are given to the Church Administrator and the Financial Controller.
 - 9.4.6. Neither the Parish Administrator, nor anyone reporting to him/her, shall be involved in the counting of cash.
- 9.5. Funds collected from other activities (fundraisers, special events, etc.) should be directed to those responsible for recording and making bank deposits. A copy of the deposit slip and summary report is given to the Church Administrator and the Financial Controller.
- 9.6. Members should be encouraged to make their offering by check, not cash. Members should be encouraged to use their member offering envelopes, or the electronic "simply giving" option.
- 9.7. Bills and obligations should be approved for payment. This approval should be indicated in writing by the person responsible. A purchase/approval form may be used to approve payment and identify the account to be charged. In all cases expenditures should be supported by original invoices and/or receipts, not photocopies.
- 9.8. Checks are to be signed by persons authorized under the bank account agreement. Dual signatures are required. The Senior Pastor and check preparer should not be authorized signers.
- 9.9. Blank checks are never to be signed in advance, under any circumstance.

The Governing Policies of Prince of Peace Lutheran Church, Palatine, IL

- 9.10. Check numbers are written on invoice/support documents to prevent duplicate payments.
- 9.11. At least three persons should be involved in the check approval process; authorization, preparation and signing of checks. For electronic transfers, two signatures are required for authorization.
- 9.12. Savings and/or Investment Accounts - if the funds are to be transferred to/from these accounts via telephone, a verification notice (written form) must be created indicating that on a specific date such transfer took place (and for what purpose) and signed by a member of the Board's Financial Review Committee. This form is to be retained in the files of these accounts.
- 9.13. Bank statement reconciliations must be prepared by persons other than anyone having check signing authority. This procedure should be reviewed and initialed by another person.
- 9.14. Any computer software program for financial accounting and check writing should provide a bank reconciliation program for deposits and withdrawals.
- 9.15. All persons who handle money in the Church and all its auxiliaries must be covered under an employee dishonesty blanket bond.
- 9.16. All marketable securities, notes, and valuable personal property must be kept in a safe, secure place on Church grounds or in a financial institution.

Appendix A – BOARD OF DIRECTORS CALENDAR

Policy	SENIOR PASTOR Responsibilities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
3.3.2	Seek the review and advice of the Financial Review Committee												
3.5.2	Provide the Board with the plan for the temporary or permanent absence of ministry staff												
3.6.1	Confirm the congregation is operating with established Personnel Policies												
3.6.6	Confirm that annual written staff evaluations have been conducted												
3.8.1	Provide the Board with a Long Range Outlook Study												
4.7.2.1	Report to the Board on the progress achieved towards the Desired Outcome metrics (Prepare to share at the May Voters Meeting)												
4.7.2.2	Provide financial reports to the Board as specified												
4.7.2.3	Provide the Board with a report on the performance of all investments of the congregation												
4.7.2.4	Present the annual budget to the Board for affirmation												
4.7.2.5	Provide the Board with the Operational Policies Manual revisions												
4.7.2.6	Present to the Board an update on the implementation of the Ministry Plans.												
4.7.2.7	Provide to the Board reports of Admission to Membership and Termination of Membership												
Policy	BOARD of DIRECTORS Responsibilities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2.1.2	Review the Strategic Focus including Targets at the Board / Staff Retreat (Prepare the retreat agenda ☆)		☆						☆				
2.1.2	Update the Strategic Focus including Targets and corresponding Metrics												
2.1.6.1.1	Conduct May Congregational Assembly: Audit Report, Elections, Policy Manual changes												
2.1.6.1.2	Conduct November Congregational Assembly: Ministry Plan, Budget, Policy Manual changes												
2.1.6.2	Publish Board Briefing												
2.1.8	Conduct the Senior Pastor's Annual Performance Review												
2.1.10	Designate housing allowances for called staff												
2.1.11	Affirm the Budget												
2.1.12	Appoint the financial auditing committee												
2.1.12.1	Receive, review, and accept the report of the annual financial auditing committee presented by the Financial Review Committee												
2.4.6.4	Review each policy in the Policy Manual (Prepare to present at the May Voters Meeting)												
2.7.1	Board member orientation and training												
2.7.2	Board self-review												
2.8	Election of Board officers												
2.9.4	Appointment of the Nominating Committee												
2.9.5.1	Appointment of the Financial Review Committee												
2.9.6	Appointment of the Endowment Fund Committee (Board and Lay Members)												
2.10.1	Appointment of a Board member as the Dialogue Coordinator												
2.10.2	Review and update the Member segment master list and invite representatives of the various Member segments to dialogue with the Board												
2.11.5	Regular meeting of the Board (Draft the annual schedule of meetings ☆- include Regular Meetings, Info/Voters Meetings, Staff Retreats, and the Board Orientation)							☆					
4.5.1.1	Annual Review: Request that the Senior Pastor complete a self-review and submit a current job description												
4.5.2.2	Annual Review: Request that the direct reports of the Senior Pastor provide input concerning the performance of the Senior Pastor												
4.5.3	Present the Senior Pastor's Performance Review												
5.1.5	Review Conflict of Interest Policy and give each member the opportunity to disclose involvement with organizations, vendors, or associations that might produce a conflict												
6	Review the Boundary Management Policy												
Policy	FINANCIAL REVIEW COMMITTEE Responsibilities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2.9.5.2.2	Meet to review and prepare a summary analysis and commentary of the congregation's financial condition to be presented to the Board												
2.9.5.2.3	Meet with the Senior Pastor to review the analysis of the financial condition of the congregation, the financial audit, and the financial policies implemented												
2.9.5.2.4	Recommend the appointment of annual financial auditors to the Board												
2.9.5.2.6	Present the report of the annual financial audit to the Board												
Policy	ENDOWMENT FUND COMMITTEE Responsibilities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2.9.6	Meet to provide oversight of the Endowment Fund												

