

HOLY CROSS GOVERNANCE POLICIES

[Adopted February 20, 2007]

[Revised May 1, 2022]

The governance of the Central Florida Cross Network (“The Network”), and the associated relationship between the Board of Directors and Church employees, is guided by the principle that the Board of Directors represents the voice of the Network. The Board provides a leadership role in shaping the mission of the Church and the objectives that maintain that mission. The church operates as Central Florida Cross Network, a non-profit organization recognized by the State of Florida, comprising ministries including churches, schools and affiliated ministries.

The Executive Pastor of The Network is the principal leader in enacting resources and programs to meet such said missions and objectives. Under this governance model, the Board’s role is to focus on “ends,” meaning the objectives it believes will have the most impact on the community and lives of the Network. Responsibility for any decision that is not an “ends” decision is considered a “means” towards the desired end result. “Means” decisions are under the guidance of the Executive Pastor Of the Church and include decisions such as personnel matters, financial planning, programs, services and curricula, and staff governance.

The Board develops policies regarding the desired mission and outcomes of the Network, Governance Process, Executive Pastor Limitations, and Board-Staff relationship. Desired outcomes and Executive Pastor Limitations are delegated to the Executive Pastor. The Executive Pastor is held accountable by the Board for accomplishing the outcomes in such manner he deems appropriate, as long as they are done in an ethical and Godly manner and within the bounds as defined in the Executive Pastor Limitations. Furthermore, the Board and Executive Pastor ensure that policies and actions taken do not conflict with the Church’s By-Laws and Constitution.

1. STRATEGIC IDENTITY

1.1. STRATEGIC PLAN

The Board, in collaboration with Network staff worked throughout 2021 and 2022 to revisit and confirm its core values, which are presented below as four key pillars.

1.1.1. PILLARS:

Proclaiming the Gospel Embedded in Community

The Network will work to proclaim the Gospel at all times, but especially in the context of community, where members are well positioned to receive and work through the deep mysteries of God.

Cultivating Canopies of the Reign of God

As the Network seeks to build its ministries, it will also endeavor to equip members for ordering their places of work or volunteerism under the Reign of God. To the extent members are able to exercise leadership in those places, they have the capacity to cultivate the culture of the God’s Kingdom in the broader communities in which they exist.

Pursuing Diversity for a Fuller Experience of the Gospel

The Network will seek to provide a rich view of the Gospel to its members by seeking out diverse input and a rich community of people with different backgrounds and experiences of God. These diverse experiences and traditions will help make up the collective traditions and habits of the Network.

Practicing Sound Financial Planning, Colored with Creativity

The Network will seek to provide sustainable funding of operations through traditional membership giving, but also through other outlets, including income generating efforts of members or ministries, as well as creative financing when responsible and available.

1.1.2. MISSION:

The Mission of the Central Florida Cross Network is to bring Jesus to everyone by serving the needs of our community and growing the faith of all who believe.

1.1.3. VISION:

The Network will be a vital voice in the community as we proclaim Jesus Christ and His love while we work to shape the direction and values of our neighbors and friends. We will be an educational leader in the community by providing a quality Christian Education from infant through High School.

We will be a focal point in the community for a variety of social care ministries. We will provide leadership and volunteers for these ministries as the needs of our community are met. We will impact the growth of non-profit organizations by providing people for their boards and sharing our expertise in media production. We will promote a healthy family structure by providing programs and facilities that draw the family together. We will continue to grow the faith of our members through small groups, worship, service projects and mission trips.

As a result of all of our activities, even more people will be connected to Christ.

1.1.4. OUTCOMES (STRATEGIC GOALS)

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Proclaiming the Gospel Embedded in Community

- a process for peer review of preaching
- Set goal percentage for “opportunities for two or more” based upon attendance/enrollment
- Outline baseline requirements for what qualifies as an “opportunity for two or more.”
- Track first time visitors to church gatherings, as evidence of the Gospel’s generative activity.
- Track baptisms and confirmations as evidence of the Gospel’s generative activity

Cultivating Canopies of the Reign of God

- Set up a program that creates partnerships between churches and the organization's members work in or are most involved in
- Contribute at least 10% of annual offerings to community organizations
- Establish peer groups of business leaders/non-profit leaders amid & across ministries.
- Establish internships for HCLA students with member business owners/ministers/non-profit leaders.
- Develop new specialized ministries, as needed

Pursuing Diversity for a Fuller Experience of the Gospel, rooted in the Lutheran Tradition

- Annual review demographic make up of Network staff & key volunteers.
- Pastoral staff pursuing learning relationships with diverse viewpoints.
- While maintaining theological/doctrinal integrity, churches & chapels will offer teaching and weekday teaching opportunities from and for the widest range of members in the Network.

Practicing Sound Financial Planning, Colored with Creativity

- Establish a “new missions” fund
- Invest 80% of net dollars each quarter into the “new missions” fund
- Each church has a financial projection process in place that emphasizes the opportunity for growth through faithful giving.
- HCLA will have a tuition increase and aid plan projecting out a minimum of three years.

1.2. MEMBER STEWARDS

The main responsibility of the Board of Directors is to represent the Member Stewards of the Network. Member Stewards are those who invest dollars, time, and emotion with some conscious risk, in order to enhance and expand the spread of the Gospel through the Network's mission and ministry. The Board recognizes that no individual or group is the owner of the Network.

1.2.1. Listening to the Member Stewards: The Board shall listen to the ideas, the concerns and values of the Network. It shall use a variety of appropriate methodology (such as mail and phone surveys, focus groups and Board dialog) to seek out the desires of the Member Stewards.

1.2.2. Reporting to Member Stewards: The Network shall keep its Member Stewards informed of its progress toward the Strategic Plan. It shall use a variety of methods for this reporting (e.g., annual reports, videos, web page, magazine, newspaper articles, survey reports, TV spots, etc.).

2. BOARD PURPOSE AND SELF GOVERNANCE

2.1. BOARD'S PRIMARY PURPOSES

2.1.1. The Board's primary purposes consist of strategic responsibilities, fiduciary responsibilities, and care for the Executive Pastor.

2.1.2. Strategic Responsibilities

2.1.2.1. Ensure that the Strategic Plan (and corresponding Four Pillars) of the Network is the driving force for all activities and related ministries.

2.1.2.2. In conjunction with the Executive Pastor, periodically review and update the Strategic Goals.

2.1.2.3. Monitor results of Strategic Plan.

2.1.3. Fiduciary Responsibilities

2.1.3.1. Represent member stewards as defined in Section 1.

2.1.3.2. Ensure Holy Cross maintains adequate financial and human resources to carry out Mission, Purpose, and Strategic Plan.

2.1.3.3. Support the Executive Pastor by assessing his performance and advising on areas for improvement.

2.1.3.4. Recruit new Board members and assess the Board's own performance.

2.1.3.5. Initiate and facilitate the process for Calling of Pastors, maintaining consistency with Article II of By-Laws.

2.1.3.6. Provide oversight of all Network activities by establishing and monitoring appropriateness of and adherence to policies that guide the efforts of the Executive Pastor.

2.1.3.7. Ensure that policy and financial decisions are executed within the Constitution and By-laws of the Network.

2.1.4. Care of Executive Pastor

2.1.4.1. Support the Executive Pastor in carrying out his responsibilities through prayer and ongoing counsel.

2.1.4.2. Support and encourage the personal and professional development of the Executive Pastor through prayer and counsel.

2.2. BOARD SELF GOVERNANCE

Board members have a responsibility to each other, to the employees, and to member stewards.

2.2.1. Board members shall:

2.2.1.1. Regularly participate in worship and maintain healthy spiritual growth.

2.2.1.2. Support all decisions once they have been fully discussed and resolved by the Board. The Board agrees to speak with one voice, even for those decisions that were passed with dissenting votes.

2.2.1.3. Bring to the Executive Pastor's immediate attention any condition or action that they believed exceeds a Limitation policy as defined in Section 3.

2.2.1.4. Keep Board documents and discussions confidential, unless given permission by the Board acting as a whole. However, the Board Policy Manual, Board approved minutes and audited financial statements do not require permission as long as any Board discussion or information related to these documents remains confidential.

2.2.1.5. A member of the Board who violates policy shall be counseled by the Executive Director. Should violations continue, the member shall be counseled collectively by the Officers of the Board, and then the Board as a whole if required. Decisions concerning continued service to the Board by any member who continues to violate policy after such counseling shall require a 2/3 majority vote of the Board.

2.2.1.6. Should the Executive Director of the Board violate policy, it shall be the responsibility of the Assistant Executive Director to initiate such counsel.

2.2.1.7. Be familiar with and put into practice any specific policies developed to guide the behavior of Members of the Board.

2.2.1.7.1. Conflict of Interest Policy (Appendix A)

2.2.1.7.2. Boundary Management Policy (Appendix B)

2.3. ENUNCIATING GOVERNING POLICIES AND VALUES

The Board shall maintain written policies of four types.

2.3.1. Policies with respect to Strategic Plan - Affirmative statements setting forth the purposes, effects and acceptable cost 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 Executive Pastor limitations - Limiting statements that bind ministry implementation.

2.3.4. Policies with respect to Board and Executive 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 administrative detail,
- ends rather than means,
- clear distinction of Governing Board and Executive Pastor roles,
- collective rather than individual decisions,
- future rather than past or present, and
- being proactive rather than reactive.

2.4.2. Scope of Activities - All activities of the Board, its officers, committee(s) or members shall relate to the specific responsibilities of the Board as formally adopted at Board meetings. Board members are disciplined by this principle.

2.4.3. Group Action - The Board shall exercise its governing authority as a whole. No individual Board member shall exercise such authority except as instructed by the Board.

2.4.4. Policy Development - The Board policies are to be active and dynamic. They are meant to be changed and refined regularly, based on the intent of each section, the values of the Board, and the changing context within which the Network functions. However, policies should not be developed that are inconsistent with the By-Laws and Constitution of the Church.

2.4.4.1. Board Actions - The Board will take specific actions only when those actions are required by these policies or the By-Laws of the Church.

2.4.4.2. Executive Actions - All Board decisions governing actions of the Executive Pastor shall be done through policy. Any actions taken or contemplated by the Executive Pastor or any actions which may be or have been approved through the Executive Pastor, will only be considered in light of the appropriate governing policies. The Board will only review the policies for their soundness as a test of ethical and prudent behavior, and will not dictate what are appropriate actions except for compliance with policies. The Board shall rewrite policies when appropriate.

2.4.4.3. Policy Review - Any Board member, the Executive Pastor or Voter's (Network) Assembly may ask for a review of specific policies. However, the responsibility for effective and appropriate policies rests solely with the Board.

2.4.4.4. Policy Review Schedule - The Board shall coordinate the review of every policy at least once a year.

2.4.5. Fiscal Responsibility - The Board's fiscal responsibility shall be discharged by:

2.4.5.1. Establishing policies limiting Executive Pastor's budget development, control of assets, and financial authority.

2.4.5.2. Establishing a line of credit for short-term debt (to be used by the Executive Pastor for operational needs).

2.4.5.3. Monitoring the fiscal soundness of the Network.

2.4.5.4. Appointing the financial auditor/reviewer.

2.4.5.5. Receiving, reviewing and accepting the report of the financial audit/review.

2.4.5.6. Systematically monitoring compliance with these policies.

However, without Voter Assembly approval, the Board shall not:

2.4.5.7. Incur long-term debt (longer than 3 years).

2.4.5.8. Buy or mortgage real estate.

2.4.6. Calling of Pastors - In the case of a vacancy in the office of a Pastor, the Governing Board shall appoint a Call Committee. The Call Committee and Board of Directors should act in accordance with Article II of the By-Laws: Calling of Pastors.

2.5. BOARD SELF-REVIEW

In order to discipline itself and its efforts, the Board will conduct a periodic self-review.

2.5.1. The Board will discuss the following and identify areas for improvement:

2.5.1.1. The Board's openness and communication among its members.

2.5.1.2. The Board's openness and communication with the Executive Pastor.

2.5.1.3. The Board's ability and skill in developing and monitoring policy.

2.5.1.4. The Board's adherence to policy.

2.6. RESPONSIBILITIES TO THE MEMBER STEWARDS OF THE Network

The Board's responsibilities to the Member Stewards are:

2.6.1. Conduct Voter's Assembly Meeting as required by the By-Laws.

2.6.2. Inform the Member Stewards of the degree of success in meeting the objectives of the Strategic Plan.

2.6.3. Solicit input annually on the appropriateness of the Strategic Plan.

2.6.4. Present the annual ministry financial plan to the Stewards for ratification.

2.7. DIALOGUE WITH MEMBER STEWARDS

The main responsibility of the Board of Directors is to represent the Member Stewards of the Network. This is primarily done through the development of the definition of the Strategic Plan for the Network. The Board recognizes that there is no single “owner” of the Network, nor any single group that is the “owner.” It is the Board’s responsibility to actively identify segments of people that have a vested interest in the Network, and ask for input on Strategic Plan. To fulfill this obligation:

2.7.1. The Board will hold ongoing dialogue with Member Stewards.

2.7.2. The Board will solicit feedback from the Network during Holy Cross Leadership Forums, targeting questions:

2.7.2.1. Who are the Served of the Network?

2.7.2.2. What do you hope the benefit will be to the Served?

2.7.2.3. What should be the cost for these outcomes?

2.8. BOARD CALENDAR, AGENDA AND MEETING STRUCTURE

2.8.1. The Board shall establish a basic structure for its meetings to assist the Board and Executive Pastor in processing information in a way that allows them to maintain a policy based orientation.

2.8.2. The Board agenda shall work in tandem with the calendar. Additional items may be added as needed.

2.8.3. Board meeting content will vary, but should be focused on topics such as Strategic Planning, Executive Pastor Evaluation, Operational Plan, New or Revised Policies, and Board Educational Topics.

2.8.4. *Roberts Rules of Order* shall prevail for Board Meetings.

2.8.5. The affirmative votes of a majority of the members of the Board present at a meeting of the Board at which a quorum is present shall be the act of the Board, unless the affirmative vote of a greater number is required by the Constitution or Bylaws. No member of the Board may act by proxy on any matter.

2.8.6. Any action required to be taken, or which may be taken, at a meeting of the Board may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the members of the Board entitled to vote with respect to the subject matter thereof. Any action so taken shall be effective when all members of the Board have signed a consent (unless the consent specifies a different effective date, in which event such date shall apply) and such consent shall have the same effect as a unanimous vote of the Board at a meeting duly held.

2.8.7. No notice of any regular meetings of the Board is required after the adoption of a resolution by the Board setting forth the schedule for such meetings and publishing the schedule in the minutes of the Board. Notice of any special meeting of the Board shall be given by telephone or in writing at least three days prior thereto to each member of the Board at his address set forth in the official records of the Network. Board minutes shall be published to the Network.

3. EXECUTIVE PASTOR LIMITATIONS

These are the constraints placed on the Executive Pastor's efforts to achieve the Strategic Plan. The Primary Limitations are further defined by the sections that follow it. Each section is further limited by all other sections. Unless restricted in the Executive Pastor limitation Policies, all actions are acceptable.

3.1. PRIMARY LIMITATIONS

3.1.1. When representing the Network, the Executive Pastor and staff shall not act in a manner that is unethical, imprudent, illegal or inconsistent with the By-Laws and Constitution of the Church.

3.1.2. The Executive Pastor shall not take any action that has a negative effect on the accomplishment of the Network's mission.

3.2. COMMUNICATION AND SUPPORT TO THE BOARD

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

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

- 3.2.2.1. Relevant trends that impact the ministries of the Network.
- 3.2.2.2. Anticipated or actual adverse media coverage.
- 3.2.2.3. Changes in the Leadership staff, on a timely basis.
- 3.2.2.4. Any report of abuse or sexual misconduct alleged against anybody in a ministry capacity.
- 3.2.2.5. Any accusation of criminal misconduct against a staff member.
- 3.2.2.6. Conditions that could have a negative impact on major ministry programs and/or the reputation of the Network (e.g., school, worship, or major event).
- 3.2.2.7. Lawsuits against the Network.
- 3.2.2.8. Death or serious illness of staff.
- 3.2.2.9. Changes in the assumptions on which any Board policy has been established.
- 3.2.2.10. Crises affecting the work, health or safety of staff.
- 3.2.2.11. Synodical or District directions and recommendations.

3.3. FINANCIAL

3.3.1. The Executive Pastor shall not cause or allow a financial plan which:

- 3.3.1.1. Allows for the start of a fiscal year without an approved budget in place.
- 3.3.1.2. Is built on unsound assumptions about financial conditions. Financial conditions are defined as projected earnings/contributions, operating costs, other income/expense, and transfers from investment income.

3.3.2. Unsound Financial Condition. The Executive Pastor shall not cause or allow a financial plan which:

3.3.2.1. Continues without review and appropriate adjustments whenever one or more of the material assumptions of financial conditions under which it was constructed changes by 10% or more on a prorated basis and a negative cash flow occurs for a two month time period.

3.3.2.2. Allows an unsound financial condition to continue for more than one quarter without a proposed resolution plan.

3.3.2.2.1. An unsound financial condition exists when the ratio of Current Assets to Current Liabilities is less than 1.1:1 or greater than 1.35:1 or, the fund balance as percentage of the total assets falls below 25% or exceeds 45%. Unsound financial position is tested quarterly. (Current Assets are those assets that can easily be converted to cash, or used in place of cash within one year. Current Liabilities are liabilities that are due and payable within one year.)

3.3.3. The Executive Pastor shall not allow the use of any planned giving receipts which deviates from the written Planned Giving Guidelines. (See Appendix C)

3.3.4. The Executive Pastor, in reporting financial activities and position, shall not allow deviation from generally accepted accounting principles as established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants.

3.3.5. The Executive Pastor shall not allow the investment of any financial assets which deviates from the written Investment Policy. (See Investment Policy, Appendix D)

3.3.6. The Executive Pastor shall not borrow funds for working capital in an amount greater than 5% of the annual ministry financial plan.

3.3.7. The Executive Pastor shall not allow the handling of cash within the Network that does not comply with written guidelines detailing such activity. (See Accounting Guidelines Policy, Appendix E)

3.3.8. The Executive Pastor shall not borrow funds from the “Illuminating the Community” Campaign.

3.4. ASSET AND GOODWILL PROTECTION

3.4.1. The Executive Pastor shall maintain an asset risk plan updated at least annually that outlines the projected life of material assets and projected maintenance costs over the next five years.

3.4.2. The Executive Pastor shall not subject the plant, grounds and equipment to improper wear and tear or insufficient maintenance.

3.4.3. The Executive Pastor shall not knowingly or recklessly expose the Network, its Board or staff to claims of liability.

3.4.4. The Executive Pastor shall protect intellectual property, information, and files from loss or significant damage.

3.4.5. The Executive Pastor shall not make any purchase over \$10,000 without obtaining comparative prices and quality assessment, except upon Board approval.

3.4.6. The Executive Pastor shall implement a policy that the Church will not receive, possess or distribute funds under controls that are insufficient to meet the Board-appointed auditor's standards.

3.4.7. The Executive Pastor shall not invest or hold operating capital in insecure instruments, including uninsured checking accounts or any bonds at any time, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.

3.4.8. The Executive Pastor shall not endanger the Network's public image or credibility, particularly in ways that would hinder the accomplishment of its mission.

3.5. ORGANIZATIONAL STRUCTURE

3.5.1. The Executive Pastor shall not allow a structure that has a neutral or negative effect on the Strategic Plan of the Network.

3.5.1.1. The Executive Pastor shall not operate without a written succession plan for the Executive Pastor and the Leadership team.

3.5.2 The Executive Pastor shall not allow any staff to create operational plans and procedures that have a neutral or negative impact on the growth and Strategic Plan of the Network.

3.6. CRISIS MANAGEMENT PLAN

3.6.1. The Executive Pastor shall not allow the Network to operate without a detailed written operational Crisis Management Plan.

3.7. PERSONNEL

3.7.1. The Executive Pastor shall not allow the Network to operate without effective, established Personnel Policies.

3.7.1.1. Personnel Policies shall not:

3.7.1.1.1. Deviate from local, State or Federal law or regulations in the ethical treatment of employees.

3.7.1.1.2. Be in conflict with the effective day-to-day operation of the Network.

3.7.1.1.3. Fail to establish effective written Conflict of Interest and Computer Use Policies for the staff.

3.7.1.1.4. Impair the dignity, safety, and right to ethical job-related dissent of employees. Grievances by employees shall receive fair, internal hearing through procedural safeguards.

3.7.2. The Executive Pastor shall not allow positions to be undefined or position descriptions that inaccurately reflect the responsibility and tasks assigned to the position.

3.7.3. The Executive Pastor shall not allow positions to exist where there are inadequate resources available for a qualified person assigned the position to succeed.

3.7.4. The Executive Pastor shall not allow their position description to assume authority that is clearly delegated to some other entity or person.

3.7.5. The Executive Pastor shall not fail to ensure annual staff evaluations are conducted and the results shared with the appropriate staff member.

3.8. PLANNING

3.8.1. The Executive Pastor shall not allow for the development of an annual Operational Plan that fails to consider the Strategic Plan.

3.8.2. The Executive Pastor shall not allow the staff to begin a new fiscal year without previewing and updating its annual Operational Plan.

3.9. GIFTS AND BEQUESTS

3.9.1. The Executive Pastor shall not fail to develop a plan to promote and receive gifts and bequests.

3.9.2. The Executive Pastor shall not accept gifts and bequests that run counter to the Network's values and policies and/or that have a neutral or negative effect on the Strategic Plan.

3.9.3. The Executive Pastor shall not accept gifts and bequests that are too restrictive.

4. BOARD AND Executive Pastor AND STAFF RELATIONSHIPS

4.1. MANNER OF DELEGATING

4.1.1. The function of the Board is to develop, monitor and enforce policy, with implementation of the policies carried out by the Executive Pastor and staff.

4.1.2. Except for assignments of its own to work to committees, consultants or officers the Board shall delegate only to the Executive Pastor. Any other subordinate employee or entity operating with the authority of the Network shall receive that authority from the Executive Pastor or a person assigned such authority by the Executive Pastor.

4.1.2.1. Members of the Board shall be prudent in their contact with staff and shall keep the Executive Pastor informed about significant contacts they have with any staff member.

4.1.3. The Board shall address only broad levels of issues in policies of purpose or governance policies leaving lesser levels (i.e. operational policies) to the discretion of the Executive Pastor. The Executive Pastor may develop operational guidelines, rules or procedures and may make decisions in any way the Executive Pastor deems appropriate as long as governing policies adopted by the Board are observed.

4.1.4. The Authority of the Executive Pastor shall begin where the explicit pronouncements of the Board end. Except as required by governing policies or law, decisions of the Executive Pastor do not need approval by the Board.

4.2. ACTIONS REQUIRING BOARD APPROVAL

This is a listing of the actions that need Board approval, as delineated through the Constitution, By-Laws, and policies contained within this document:

4.2.1. Board Decisions:

- 4.2.1.1. Selection of the auditor.
- 4.2.1.2. Receipt and review of financial audits.
- 4.2.1.3. Appointment of Legal Counsel.
- 4.2.1.4. Sale of land or buildings.
- 4.2.1.5. Affirmation of the strategic plan and annual budget.

4.3. Executive Pastor FUNCTION

The Executive Pastor shall:

4.3.1. Be empowered to take all actions and make all administrative decisions that are deemed necessary to attain the desired objective of the Strategic Plan, except (a) actions which are not in accordance with the Strategic Plan, (b) violation of law, applicable regulations, orders of courts or commonly accepted business and professional ethics, and (c) violation of Constitution and By-laws or specific further Executive Pastor Limitations stated by the Board in policies.

4.3.2. Develop operational guidelines, establish rules of procedures, and make decisions the Executive Pastor deems appropriate as long as governing policies adopted by the Board are observed.

4.4. Executive Pastor ACCOUNTABILITY

The Executive Pastor shall be accountable to the Board for:

- 4.4.1. Achievement of the Strategic Plan through personal and staff action.
- 4.4.2. Compliance of personal and staff actions to limits established in the Executive Pastor Limitations Policies.
- 4.4.3. Provision of adequate counsel to the Board through personal and staff action, including counsel on social, legal, and other changes relevant to the Board's decision areas.
- 4.4.4. Defining and refining the Executive Pastor's position description within the personnel constraints.
- 4.4.5. Relating with integrity, honesty, and straightforwardness to the Board.

4.5. EXCEEDING Executive Pastor LIMITATIONS

From time to time, Executive Pastor limitation Policies may be exceeded. When this happens, the Board will take appropriate action. The Executive Pastor is to take initiative and responsibility to monitor, inform, and correct as well as develop preventative systems for, exceeding limitations.

4.5.1. The Executive Pastor shall give an immediate notice to the Executive Director of the Board once an Executive Pastor Limitation has been recognized to have been exceeded. If the Executive Pastor limitation has been exceeded for an excessive period of time and has gone unnoticed, the Executive Pastor will develop a better monitoring system.

4.5.2. If the exceeded Executive Pastor limitation is immediately correctable, the Executive Pastor shall take the necessary action within policies and report the results to the Board.

4.5.2.1. If the exceeded Executive Pastor limitation is not immediately correctable, the Executive Pastor shall establish and implement corrective actions, reporting them and gaining approval of a deadline for complete correction from the Board.

4.5.2.1.1. The Executive Pastor shall continue to report in a timely fashion on the actions taken and their results until the exceeded Executive Pastor limitation is corrected.

4.5.2.1.2. The Executive Pastor shall give immediate notice when it is recognized that a deadline will be missed, and develop a new plan for action if the delay is excessive.

4.5.2.2. The Executive Pastor may use internal or external resources to correct the exceeded Executive Pastor limitation without violating the Executive Pastor limitations Policies.

4.5.2.3. The Board shall review any Executive Pastor limitation Policy that has been exceeded for its soundness as a test of ethical and prudent behavior.

4.5.3. 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.

4.5.4. The Executive Pastor shall develop or improve processes to avoid recurrence of any exceeded Executive Pastor limitations.

4.5.5. After the repeated recurrences of exceeding Executive Pastor Limitations, the Executive Director will conduct: (1) a performance evaluation of the Executive Pastor and (2) a discussion with the full Board about the Executive Pastor's Performance.

4.6. MEANS OF MONITORING

4.6.1. Management Reports

These are periodic statements and overviews which provide information and counsel to the Board on programs, trends, and developments that may affect the Board's work and which report on the Executive Pastor's compliance with Board policies.

4.6.1.1. The Executive Pastor shall report yearly on the economic, sociological, legal and political conditions and trends in the Network's community.

4.6.1.2. The Executive Pastor shall report at least quarterly on the activities, plans, and outcomes of the Network.

4.6.2. Direct Monitoring

These are the actions used to confirm compliance with the Board's Policies in all four policy areas.

The Executive Pastor shall:

4.6.2.1. Report at least yearly to the Board on the progress achieved towards the Strategic Plan of the Network.

4.6.2.2. Provide to the Board at least quarterly financial statements organized and presented around the financial conditions policy.

4.6.2.3. Provide to the Board current financial plans as they are developed or modified.

4.6.2.4. Provide to the Board the current personnel policies and revisions as they occur.

4.6.2.5. Provide to the Board new organizational structures as they are developed with an explanation of the responsibilities assigned.

4.6.2.6. Provide to the Board each long-term outlook study after it is developed.

4.6.2.7. Annually review the plan for crisis management and provide the Board with a copy of such plan.

4.6.2.8. Provide to the Board summaries of each new program and service as they are developed.

APPENDIX A

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.

1. Board members must represent non-conflicted loyalty to the interests of the Network. 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 Network's services.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - A. There must be no self-dealing or any conduct of private business or personal services between any Board member and the Network except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
 - B. 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 and abstain from voting on the matter.
 - C. Board members must not use their positions to obtain employment in the Network for themselves, family members or close associates. Should a Board member desire such employment, he/she must first resign from the Board.
3. Board members will promptly disclose their involvement with other organizations, with vendors, or any other associations that might produce a conflict of interest.
4. 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 from the session concerning the deliberation and the vote. The member may be excused from the Board's session with a 2/3 majority vote of the Board (not including the Board member under consideration).

APPENDIX B

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.

1. Board members may not attempt to exercise individual authority over the Network except as explicitly set forth in Board policies.
 - A. Board members' interactions with the Executive Pastor or other staff must recognize the lack of authority vested in individuals except when explicitly Board-authorized.
 - B. 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.
 - C. Board members will give no consequence or voice to individual judgments of the Executive Pastor or staff performance.
 - D. Board members will respect the confidentiality appropriate to issues of a sensitive nature.
2. Should the sensitivity of an issue not be clear to a Board member, s/he shall consult with the Executive Director before sharing information with another person.
3. If the need arises, the Executive Director and/or Executive Pastor shall determine who should represent the Network to the public and/or media.

APPENDIX C

PLANNED GIVING GUIDELINES

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 independent counsel's advice. The statement should be signed and dated by at least one witness.

Disclosures

The Church will practice complete financial disclosure and stand accountable to its donors and the Stewards 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.

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.

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 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 Executive Pastor may access individual giving and/or pledge accounts.

Gifts of Property

When gifts of property (i.e; real property or tangible personal property) are received by the Church, the acknowledgment of 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 Executive Pastor for the preparation of a formal acknowledgment 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 Executive Pastor so that the item may be included in the Church's fixed assets inventory.

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, unless the donor specifically requests that the Church defer such sale. The Executive Pastor shall be responsible for the efficient disposition of such gifts.

APPENDIX D

INVESTMENT POLICY

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.

Oversight Responsibility

The Executive Pastor shall have responsibility for the oversight of this policy. The Executive Pastor shall perform all due diligence necessary to ascertain investment suitability. The Executive Pastor shall also be responsible for executing the investment transactions, and reporting such transactions.

Acceptable Investments

The following investment mediums shall be acceptable:

- Federally insured financial institutions
- Registered mutual funds
- U.S. government securities
- Lutheran Church Extension Fund
- Commercial paper

Investment Suitability Criteria

The following suitability criteria shall be applied to the above noted investment mediums:

- Federally insured financial institutions
 - No amount greater than \$25,000 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.
- 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.

- 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.
- 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.
 - Commercial Paper: It must have an A1/P1 rating with a term not to exceed 32 days, and the paper must be issued by a US Domestic company.

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.

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).

Policy Exceptions

Any exception to this policy requires the prior approval from the Board.

Conflict of Interest

Any investment activity with a company or institution that employs a member of the Governing Board or an immediate family member of a staff member is prohibited unless the noted conflict of interest is approved by a majority of disinterested members of the Governing Board.

Reporting Requirements

The Executive Pastor, in preparation of the periodic balance sheet of any Church fund accounting shall delineate a description of the nature of the investment and the associated end of period balance. When requested by the Board, the Executive Pastor shall provide the following information relative to any existing or proposed investment:

- Name of the investment medium.
- Type of investment.
- Description of the due diligence performed.
- Historical rate of return.

APPENDIX E

ACCOUNTING GUIDELINES POLICY

- 1) At the end of each service, two or more ushers should place the offerings in a tamper-proof envelope and deposit the envelope in the Church safe. On the earliest possible business day after each weekend, a staff member will remove the envelopes from the Church safe, and deliver them unopened to a team of two or more counters.
- 2) The counters will open the envelopes, record offerings by envelope number and any designations, prepare a deposit, reconcile the deposit to the recorded offerings, and take the deposit to the bank.
- 3) In keeping with IRS regulations:
 - a. HCLM cannot accept donations that are designated for the benefit of a particular person or persons, or for a foreign charitable organization.
 - b. Donations of property are not to be included in the donor's *envelope contribution statement*.
 - i. A separate letter should be provided to the donor detailing:
 1. The donor's name
 2. A description of the property (but not an estimate of its value)
 3. A description and value of any benefit received
 4. The appropriate disclaimer described below
 5. The following additional disclaimer: "The IRS requires certain records be kept in order to deduct property as a charitable contribution. Please see your tax advisor to ensure you are in compliance."
 - ii. If donated property worth \$500 or more is disposed of within two years, Form 8282 must be filled out and sent to the donor and the IRS within 125 days of the sale.
 - iii. If the property is a vehicle worth \$500 or more, then Form 1098-C must be filled out and sent to the donor and the IRS within 30 days of the donation.
 - c. Cash donations for which the donor receives a benefit (other than "intangible religious benefits") are not to be included in the donor's *envelope contribution statement*. A separate letter should be provided to the donor detailing:
 - i. The donor's name
 - ii. The amount of the contribution
 - iii. The following sentence: "All other goods or services provided to you were either intangible religious benefits or those defined by the IRS to be of insubstantial value or insignificant cost."
 - d. All *envelope contribution statements* will include the following sentence: "Please retain this statement as confirmation that your gifts are tax-deductible because any goods or services provided in return for your contribution were either intangible religious benefits or those defined by the IRS to be of insubstantial value or insignificant cost."
- 4) Individual's offerings are a personal matter and are to be treated confidentially.
- 5) Funds collected from other activities (fundraisers, special events, etc.) should be directed to the Business Manager for deposit. Any expenditure should be made separately, and not directly from cash receipts.
- 6) Except for petty cash funds, no cash will be stored on the premises on a regular basis.

- 7) All disbursements, other than payroll and legal obligations, must be approved in writing by the relevant department head. Department heads may sign a blanket authorization for recurring expenditures.
- 8) Under no circumstances are blank checks to be signed in advance.