

Adopted by the Governing Board on February 21, 2018 as a working draft for 2018

Governing Board Policy Book
Draft by Dan Hotchkiss for the Governance Task Force, Grinnell UCC
2018-01-11

1. Governing Board Role and Practice	1
2. Church Staff	4
3. Delegation to the Preschool Board	9
4. Delegation to the Endowment Fund Committee.....	10
5. Oversight by the Governing Board	11

Using the authority the Church has given it through the Bylaws, the Governing Board has adopted the following policies. The Governing Board records all of its actions in its minutes; for ease of reference, it also records in this policy book any action intended to authorize others to make decisions or to control multiple decisions over time.

1. GOVERNING BOARD ROLE AND PRACTICE

1.1. Role of the Governing Board. The Governing Board will govern primarily by discerning mission; planning; partnering with the Pastor and staff; and holding leaders of the church, including its own members, accountable for their performance.

1.1.1. Annual Governing Board Work Products. In concert with the Pastor, staff, and congregation, the Governing Board will produce and adopt annually:

- A short list of **Open Questions** about the Church’s future, as the basis for ongoing planning conversation in the Governing Board, with the Pastor and staff, and with the congregation at large.
- **Annual Goals of Ministry**, consisting of a short list of top-priority areas where the Church intends to advance its work in the coming year, as a basis for budgeting and staff planning.
- A **Ministry Evaluation** of the Church’s success or difficulties in achieving the prior year’s Goals of Ministry.
- A mutual **Performance Evaluation** of the Pastor’s and Governing Board’s effectiveness in their respective roles.

1.1.2. Less Frequent Governing Board Work Products. In concert with the Pastor, staff, and congregation, the Governing Board will produce and adopt:

- A **Triennial Evaluation** of the Pastor’s performance in their wider pastoral role.
- A **Strategic Plan**, to be updated every five to ten years, consisting of a short list of the most important results the Governing Board intends to achieve through the Church’s ministry, and the strategic choices (regarding program, membership, capital and operating budgets, staffing, and program) the Governing Board has made about how to achieve those results.

- A **Mission Statement**, to be updated as needed, that articulates the Church's purpose, and related statements (vision, values, and a tagline) to communicate the reasons for the Church's work.
- 1.2. Governing Board Officers.** In addition to the duties defined by the Bylaws, the officers have the following responsibilities:
- 1.2.1.** The **Moderator** prepares the Governing Board's agenda, facilitates or arranges for facilitation of Governing Board meetings, and works in partnership with the Pastor to ensure a productive partnership between the Governing Board and staff.
 - 1.2.2.** The **Moderator-Elect** assists and substitutes for the Moderator upon request. The Moderator-Elect is responsible for leading the Governing Board's planning work, including planning conversations with members and supporters of the Church.
 - 1.2.3.** The **Clerk** ensures the safety and accuracy of Governing Board records, including the minutes and these Policies. In cooperation with the staff, the Clerk sees that minutes and Governing Board Policies are promptly made available to the congregation.
 - 1.2.4.** The **Treasurer** supports fulfillment of the Governing Board's financial oversight responsibilities by working with the staff to ensure that appropriate financial reports are made available to Governing Board Members on a timely basis. The Treasurer provides opportunities for Governing Board Members to learn about the Church's finances so that they can discharge their duties responsibly.
- 1.3. Governing Board Committees and Task Forces.** Committees and task forces exist to help the Governing Board to govern, not to administer or manage the church or to make decisions in the Governing Board's behalf. (To manage programs, finances, and operations, the Church uses Ministry Teams responsible to the Pastor.)
- 1.3.1.** The Governing Board will appoint committees and task forces as needed to assist with matters such as finance, personnel, outreach, and governance.
 - 1.3.2.** The Nominating Committee, in addition to performing the duties prescribed by the Bylaws, consults annually with the Governing Board to ascertain future leadership needs.
- 1.4. Expectations of Governing Board Members**
- 1.4.1. Governing Board Covenant.** Board members enter into this covenant of mutual expectations for Board service. The Board will review this covenant at least annually and update it as appropriate. As Board members, we will:
 - Attend all regularly scheduled and special meetings of the Board when possible, arrive on time, and be prepared to participate fully. When an expected absence is known in advance, the moderator is to be notified as soon as possible.
 - Respond promptly to communications, whether via e-mail, telephone, or another means of correspondence.
 - Engage thoughtfully with one another, demonstrate grace, and assume positive intent.

- Show respect for the integrity of the group and participate in the group process with openness, honesty about disagreements, and a willingness to strive for consensus on final decisions.
- Be willing to share the work and be accountable for what we agree to do.
- Be accountable to the congregation for communicating about significant outcomes and the reasoning behind them in a prompt manner. Exercise discretion in sharing sensitive information, including personnel decisions and meeting dynamics that may arise from our commitment to honesty and vulnerability but that are not relevant to the outcome we arrived at together.

1.4.2. Conflicts of Interest. The Governing Board expects its members to carry out their duties with undivided loyalty to the Church and its mission. A conflict of interest exists whenever a Governing Board Member has interests or duties that may hinder or appear to hinder the Governing Board Member from fulfilling this duty.

1.4.2.1. Definition. Conflicts of interest arise when the Governing Board Member:

- Stands to gain or lose financially because of an action of the Church in which they have a decision-making role.
- Cannot set aside their personal preferences as an individual consumer of the Church's services to act in behalf of the whole Church and its mission.
- Has a close relationship with someone who has a conflict of interest, as defined above. A close relation includes any person, corporation, or other business entity with which the Governing Board Member has a close personal, family, or business relationship.
- Faces any other situation that impairs or reasonably appears to impair the member's independence of judgment.

1.4.2.2. Disclosure. The Governing Board will annually require its members to disclose in writing all existing or foreseeable conflicts of interest. Disclosure forms must be kept by the Clerk and made available to any member of the Governing Board who asks to see them.

1.4.2.3. Process. When a Governing Board Member reports a potential conflict of interest related to a matter before the Governing Board, the Governing Board (minus the affected member) will determine how to handle the situation. Possible responses include:

- Disclosure in Governing Board minutes of the nature of the conflict.
- Leaving the room during all Governing Board discussions and votes related to the conflict of interest.
- Resignation from the Governing Board.

1.4.3. Discipline and Removal of Governing Board Members. In exercising its power under the Bylaws to remove an Officer or Governing Board Member, the Governing Board will follow the following procedures:

1.4.3.1. Removal for Misconduct. Misconduct is defined as inappropriate behavior in conflict with the church's mission, Bylaws or policies. When the Governing Board determines that one of its members may have committed misconduct, the Clerk must notify the member in writing and offer a hearing before the Governing Board. Pending such a hearing, the Governing Board may suspend the member's voting privileges.

1.4.3.2. Removal for Absence from Governing Board Meetings. If an Officer or Governing Board Member's attendance does not conform to expectations as stated in advance by the Governing Board in its Covenant, the Clerk will notify the member in writing that the member may appear at the next meeting to ask the Governing Board to excuse the absences. After giving this opportunity, the Governing Board may request the member's resignation.

2. CHURCH STAFF

2.1. Delegation to the Pastor. The Governing Board hereby delegates full authority to manage the work and resources of the church, except as expressly limited by the Bylaws or these policies, to the Pastor as executive director of the Church and primary leader of its spiritual, programmatic, and administrative work.

2.2. Senior Staff Team. The Pastor manages the work of the church in collaboration with a Senior Staff Team. The Senior Staff Team includes the Pastor, the Lead Organizer, the Church Administrator, the Director of Music, and such other paid staff and volunteers the Pastor may appoint. The Governing Board expects the Senior Staff Team, individually and jointly:

- To uphold a high standard of ethical and professional conduct.
- To ensure compliance with the Bylaws, Governing Board policies, and applicable laws and regulations.
- To accomplish the goals contained in the Annual Goals of Ministry by developing annual goals for its work as a team.
- To lead and unify the paid staff and volunteers in directing their efforts toward the fulfillment of the church's mission and goals.

2.3. Staff Accountability. All staff members are accountable to the Pastor, who is accountable to the Governing Board for their performance.

2.4. Succession Plan. When the Pastor is temporarily unavailable to serve as Executive Director or the position of Pastor is vacant, the Moderator will serve as Acting Executive Director and leader of the Senior Staff Team. If the Moderator is unwilling or unable to serve, the Governing Board will designate another person to serve as Acting Executive Director.

2.5. Personnel Decisions. The Governing Board expects the Pastor to take the lead in the selection, hiring, supervision, and discharge of all paid staff, keeping the Governing Board informed of significant decisions and concerns.

2.5.1. Hiring Senior Staff. Before filling paid Senior Staff positions, the Pastor must nominate a search committee for appointment by the Governing Board. After receiving the search committee's recommendation, the Pastor selects and presents a final candidate to the Governing Board for approval.

- 2.5.2. Hiring Non-Senior Staff.** Before filling paid non-senior staff positions, the Pastor must consult with others, including lay leaders and the direct supervisor for the position, before making a selection.
- 2.5.3. New Positions.** New positions are normally created through the budget process. The Pastor may create and fill temporary positions, provided that they can be funded within established budgetary limits.
- 2.5.4. Employment at Will.** All paid staff are employees-at-will, unless the Governing Board approves the terms of a contract that states otherwise.
- 2.5.5. Discipline and Termination.** Prior to discharging a paid staff member, the Pastor must ensure that the decision complies with applicable laws, Governing Board policies, contracts, and the Personnel Manual. The Pastor must promptly notify the Governing Board when an employee has been terminated.
- 2.6. Care for Paid Staff.** The church intends to be a fair, ethical, and respected employer, to achieve high staff morale and productivity, and to protect members of the staff from all forms of injustice and abuse related to their employment.
- 2.6.1. Supervision and Evaluation.** Each employee will be assigned an immediate supervisor, who will provide an up-to-date job description and complete an annual process of goal-setting and performance review. Individual staff goals and performance reviews are confidential, to be shared only as necessary to support church decision making or as required by law.
- 2.6.2. Compensation and Benefits.** As part of the annual budget process, the Governing Board will appoint a Compensation Committee to review compensation and benefits for all paid staff and recommend adjustments for the coming year. In its report to the Governing Board, the Compensation Committee will show evidence that it has:
- Taken into account the “Care for Paid Staff” goals (2.6 above) in relation to the Church’s financial capacity and strategic goals.
 - Sought and considered recommendations from the Pastor regarding adjustments to staff compensation. These recommendations must be presented to the Governing Board along with the committee report.
 - Considered the Iowa Conference UCC compensation guidelines for clergy (*Supporting Our Ministry*), compensation and benefits practices of comparable and competitive employers, including similar-sized congregations in our city and denomination, local nonprofit organizations, and the public school system.
- 2.6.3. Personnel Manual.** The staff will maintain an up-to-date Personnel Manual that complies with all applicable legal requirements. The Personnel Manual must provide adequate policies to give practical effect to the following principles:
- 2.6.3.1. Nondiscrimination.** The Church does not discriminate because of race, color, age, sex, marital status, sexual orientation, gender identity, gender expression, disability, national origin or ancestry, economic status, union membership, or political affiliation. Religious opinion and affiliation may be considered only to the extent that it may be a bona fide occupational requirement, or may prevent an employee from being fully supportive of the Church’s mission and values.

2.6.3.2. Harassment. The Church is committed to maintaining a work environment that is free of harassment. Harassment of any kind, including sexual harassment, is absolutely prohibited, and allegations of harassment must be reported and acted upon promptly.

2.6.3.3. Grievances. The Church intends to protect the right of staff to raise concerns about working conditions without fear of retaliation. A staff member who alleges that the law or Governing Board policies have been violated to their detriment should present the grievance to any officer of the Church, who must immediately acknowledge the complaint in writing and report it to the Governing Board, which will undertake an investigation and response.

2.6.3.4. Whistleblower Protection. The Church prohibits retaliation against employees or other persons who in good faith report:

- A suspected violation of law, such as harassment, fraud, or misappropriation of Church assets,
- A suspected danger to public health or safety.
- Suspected violations of these policies.

An employee who retaliates against anyone who has made such a report is subject to discipline up to and including termination of employment.

2.7. Care for Members and Guests. The staff must take all reasonable care to prevent harm to members, guests, program participants, and other people affected by the Church.

2.7.1. Health and Safety. The staff must ensure that all Church programs are safe for participants and staff, that facilities are maintained in a safe, sanitary, and secure condition, that required licenses and inspections are kept up to date, and that hazards are corrected promptly.

2.7.1.1. Smoking. The Church prohibits smoking of any kind on Church premises or during off-site programs of the Church.

2.7.1.2. Alcohol. Consumption of alcohol may not be permitted on Church premises without specific approval by the Governing Board for each occasion.

2.7.2. Emergency Planning. The staff must create and maintain a written plan for responding to reasonably foreseeable emergencies, including accident, illness, fire, toxic conditions, weather problems, threatening communications, power outages, and natural disasters.

2.7.3. Child Protection. Because of the Church's special responsibility for children and youth in its care, the staff must write and maintain clear procedures for the selection, training, and supervision of anyone who works with persons age eighteen and younger.

2.7.4. Disruptive Behavior. In order to sustain an atmosphere that is truly open to a wide variety of individuals, the Church must firmly and promptly address behavior that threatens the physical or emotional safety of any adult or child. When such behavior occurs, the Pastor must take immediate action if required, and report promptly to the Governing Board, recommending any further disciplinary action, which may include termination of Church employment or membership.

- 2.7.5. **Harassment.** Employees, volunteers, and agents of the Church are specifically prohibited from acts of harassment, including sexual harassment, against any member or participant in Church activities or any employee or applicant for employment.
 - 2.7.6. **Firearms.** The Church prohibits anyone other than certified law enforcement officials from carrying a firearm on Church property.
 - 2.7.7. **Building Security.** The staff must ensure that access to Church buildings is limited to those who have legitimate business there.
 - 2.7.8. **Universal Access.** The Church intends to make its premises and activities safely and conveniently accessible to persons with disabilities. The staff must ensure that Church facilities, programs, and policies meet or exceed all applicable legal requirements, and that the Church engages in continual learning and improvement in this area.
- 2.8. **Care for Material Resources.** The staff must take all reasonable care to prevent harm to the Church's financial assets, property, credit, and tax exemptions, and develop administrative practices and procedures designed to prevent such harm, and must report promptly to the Governing Board on any significant shortcomings in their implementation.
- 2.8.1. **Operating and Capital Budgets.** The staff must, by October 31 of each year, present an operating budget and a capital budget for approval by the Governing Board. Budgets must project income and expense in detail for a minimum of one year. Operating budgets must include rough projections for an additional one year, and capital budgets for an additional four years.
 - 2.8.1.1. Proposed budgets must be based on the Annual Goals of Ministry and any strategic plan currently in effect.
 - 2.8.1.2. The Pastor must, when presenting a budget, express an opinion whether or not it is adequate to fulfill the Annual Goals of Ministry.
 - 2.8.2. **Spending Authority.** The staff controls and is responsible for all spending out of church accounts, subject to the following limitations:
 - 2.8.2.1. Donor-restricted funds may not be used in violation of donor restrictions, or Governing Board-restricted funds in violation of Governing Board-imposed restrictions.
 - 2.8.2.2. Cash operating reserves may not fall below 25% of annual budgeted expenditures without Governing Board approval.
 - 2.8.2.3. Governing Board approval is required to change compensation for any full-time staff position, or to change the basis on which benefits are calculated. Normally the Staff will propose such changes only in the course of the normal budgeting process.
 - 2.8.2.4. The Staff must anticipate and prevent spending in excess of the overall budget. If it foresees any material deviation from budgeted spending, the staff must promptly inform the Governing Board and recommend options for adjusting the budget.
 - 2.8.2.5. The budget will be prepared in outline form, with major budget categories summarizing minor ones. The Pastor may approve overspending by up to 15

percent over the budgeted amount in any major budget category, provided overall spending remains within budget and the adjustment is promptly reported to the Governing Board.

2.8.3. Gift Acceptance. The staff controls and is responsible for receiving and acknowledging all gifts to the Church, with the following limitations:

2.8.3.1. Only the Governing Board may accept gifts of real estate.

2.8.3.2. All other noncash gifts with a value of \$2,500 or more, including securities and personal property, must be promptly converted into cash upon receipt unless the Governing Board approves a specific exception.

2.8.3.3. Only the Governing Board may accept gifts restricted in any way by the donor. The Governing Board may accept such gifts in advance by creating a Special Fund to receive gifts with stated restrictions.

2.8.4. Lending and Borrowing. Lending or borrowing of funds beyond a 90-day period requires Governing Board approval.

2.8.5. Special Funds. Funds restricted by Governing Board action to be used for special purposes, but not permanently restricted to the use of income only, are considered Special Funds. Special Funds currently established by the Governing Board and the purposes for which they are restricted include:

2.8.5.1. 2060 · Pre School

2.8.5.2. 2061 · Pre School-Fundraiser

2.8.5.3. 2115 · Campaign Expenses

2.8.5.4. 2120 · Grace Abounds Campaign

2.8.5.5. 2125 · Landscaping Fund

2.8.5.6. 2130 · Leadership Retreat

2.8.5.7. 2140 · Maintenance Reserve

2.8.5.8. 2145 · Equal Exchange

2.8.5.9. 2150 · Godly Play

2.8.5.10. 2155 · Youth Ministry

2.8.5.11. 2165 · Bell Choir

2.8.5.12. 2170 · Sabbatical Reserve

2.8.5.13. 2175 · UCC Resources

2.8.5.14. 2180 · Local Missions

2.8.5.15. 2185 · Nursery

2.8.5.16. 2190 · School Kits/UNICEF

2.8.5.17. 2305 · One Great Hour of Sharing

2.8.5.18. 2310 · Strengthen the Church

2.8.5.19. 2325 · CWS - Blanket

2.8.5.20. 2330 · MICA

2.8.5.21. 2335 · Take Away Hunger

2.8.5.22. 2340 · Christmas Shares

2.8.5.23. 2355 · Pastor's Discretionary Fund

2.8.5.24. 2360 · Special Gift Fund

2.8.6. Accounting and Financial Standards. Church accounting and financial controls must conform to accepted best practices for churches of comparable size, including:

- 2.8.6.1. Cash Management.** The staff must maintain written procedures to govern the handling of receipts, access to cash and bank balances, approval of expenditures, payment of invoices and other obligations, and management of invested funds.
- 2.8.6.2. Separation of Functions.** The functions of record keeping, bank reconciliation, and cash disbursements must be under the control of separate, unrelated persons.
- 2.8.6.3. Approval Authority.** The Moderator, the Treasurer, and the Pastor are authorized to approve cash disbursements. At least one authorized individual must approve all cash disbursements. Two unrelated authorized individuals must approve any disbursement of \$5,000 or more that is not part of an existing contract or related to normal payroll expenses.
- 2.8.6.4. Fund Accounting.** The staff must take care to distinguish donor-restricted, temporarily restricted, voluntarily restricted, and unrestricted funds.
- 2.8.6.5. Reconciliation.** Church accounting reports must be reconciled with financial institution statements as often as those statements are issued and copies of such reconciliations must be provided to the Governing Board for review.
- 2.8.7. Asset Protection.** The Pastor must take all reasonable care to ensure that Church assets are protected from loss or theft, including:
 - 2.8.7.1.** Adequate **insurance** to protect against property losses, liability for injuries to others, corporate liability, personal liability of Governing Board Members and staff, and honesty bonds for all personnel with access to material amounts of funds.
 - 2.8.7.2.** Maintenance of Church **property and equipment** to keep it in working order, subject to reasonable wear and tear.
 - 2.8.7.3.** Reasonable steps to protect the Church's **intangible property**, including intellectual property, electronic data, and paper files from significant damage or loss.
- 2.8.8. Document Retention.** The staff must maintain written procedures to govern the backup, retention, and destruction of the Church's documents, giving definite retention periods for classes of financial, business, pastoral, personnel, and corporate records in both paper and electronic forms.

3. DELEGATION TO THE PRESCHOOL BOARD

- 3.1. Preschool Board.** Except as limited by these policies, authority to manage the Grinnell UCC Community Preschool is delegated to a Preschool Board of seven to nine members, of whom at least two are elected to three-year terms by the Congregation and the remainder are appointed to three-year terms by the Preschool Board.
- 3.2. Preschool Officers.** The Preschool Board elects a President, Secretary, and Treasurer to perform the traditional functions of those offices.
- 3.3. Preschool Policies.** The Preschool Board must adopt written policies to govern the school, and submit those policies and any amendments to them for review by the Governing Board.
 - 3.3.1.** After consultation with the Pastor and Governing Board, the Preschool Board may select a Preschool Director to be hired after approval by the Governing Board.

- 3.4. **Preschool Budget.** Each year by July 1, the Preschool Board must submit a budget for the operation of the school, including plans for staffing, compensation, and benefits, to the Governing Board for approval.
- 3.5. **Preschool Report to Governing Board.** Each year by July 1, the Preschool Board must present to the Governing Board evidence that the school has maintained insurance, school policies, and staff selection safeguards to protect Preschool students and the Church.
- 3.6. **Preschool Finances.** In cooperation with the Church Administrator, the Preschool Board must ensure the safe handling of funds in accord with these policies, and provide information regarding Preschool financial activities so that they can be incorporated into the Church's financial reports.
- 3.7. **Space Sharing.** The Church Administrator represents the church in its capacity as the provider of space for the Preschool, and will develop such written agreements with the Preschool as may be necessary to ensure harmonious sharing of space.

4. DELEGATION TO THE ENDOWMENT FUND COMMITTEE

- 4.1. **Endowment Fund Committee.** The Endowment Fund of United Church of Christ—Congregational, Grinnell, Iowa. (“Endowment Fund”), established under Article VI of the Bylaws, is managed by an Endowment Fund Committee, which operates under the following instructions from the Governing Board:
- 4.2. **Investment Objectives.** Capital funds must be invested to produce a maximum rate of total return consistent with the following: prudent management of investments, preservation of principal, potential for long-term asset growth, and socially responsible investment practices.
- 4.3. **Permissible Investments.** Endowment Fund assets may be invested in publicly-traded common and preferred stocks, convertible bonds and preferred stocks, bank common funds, mutual funds, exchange-traded funds, and fixed income securities (including corporate bonds and money market instruments). No other investments are permissible.
- 4.4. **Ethical Investment.** Investments must conform to the ethical guidelines of the United Church of Christ as adopted by the General Synod of the United Church of Christ.
- 4.5. **Management.** All Endowment assets are owned in the name of the United Church of Christ - Congregational, Grinnell, Iowa, Endowment Fund. The signature of the Church Treasurer and either the Chairperson or Secretary of the Endowment Fund Committee is required for any withdrawals or transfers.
- 4.6. **Endowment Spending.** No more than 4.5% of a five-year rolling average of the market value of invested funds may be spent or transferred to operating funds in any year. Separate Endowment funds may be pooled for the purpose of calculating this percentage. If the full 4.5% is not transferred, the remainder returns to the Endowment and does not remain available to be transferred in future years.
- 4.7. **Distribution.** By October 1 each year, the Endowment Fund Committee must present to the Governing Board its estimate of the amount to be distributed from the Endowment, and a proposed distribution of that amount, based on the following guidelines:
 - 4.7.1. Up to 40% may be transferred to the operating fund to be disbursed at the discretion of the Governing Board according to the budget approved by the congregation.

- 4.7.2. Up to 15% may be transferred to a Scholarships and Grants Fund to be disbursed at the discretion of the Governing Board for scholarships or grants to church members (and their children) for the purpose of attending college, seminary, or health care professional schools; for church related camping and leadership conferences, or such other training which enables members of this congregation to grow in Christian faith and service.
- 4.7.3. Up to 25% may be transferred to a Local Community Outreach Fund to be disbursed at the discretion of the Governing Board for local social service purposes.
- 4.7.4. Up to 20% may be disbursed to a UCC Mission Fund to be disbursed at the discretion of the Governing Board for support of the mission of the UCC at home and overseas, including, but not limited to, grants to the UCC for new church development, UCC colleges, seminaries, professional leadership, educational ministries, world mission, and capital financing.
- 4.7.5. No commitment or pledge of distribution from the Fund may be made beyond the then current year.
- 4.8. **Conflicts of Interest.** Endowment Fund Committee members must comply with the same Conflict of Interest standards as Governing Board Members, as defined in section 1.4.2 of these Policies.

5. OVERSIGHT BY THE GOVERNING BOARD

- 5.1. **Mission Focus.** The Governing Board's duty of care requires it to ensure that the Church's human and material resources are used for the benefit of its mission. The Governing Board fulfills this duty in two ways: by monitoring regular reports provided by the staff, and by scheduled evaluation of the Church's progress toward achieving the goals established in the Annual Goals of Ministry.
- 5.2. **Monitoring of the Church Staff.** The Pastor will provide regular written reports from the staff to the Governing Board. Reports must focus on progress on priorities, as set by the Governing Board through the Annual Goals of Ministry, and on compliance with Governing Board policy. Monitoring reports must be e-mailed to Governing Board Members in advance of each monthly meeting, but will not normally be a subject of Governing Board discussion except when they require Governing Board action or raise issues of compliance with Governing Board policy. Reports must include, at minimum:
- 5.2.1. **Monthly financial statements** that show overall financial performance compared to budget and highlight significant financial or operational issues. These reports will be filed and made available to any Church member who wishes to examine them.
- 5.2.2. **Quarterly financial statements** that show the overall financial position of the Church, and must include a complete balance sheet and funds statement, detailed statement of operations, and a statement of cash flows.
- 5.2.3. **Programmatic Monitoring.** On a schedule to be agreed upon annually by the Pastor and the Governing Board, the Pastor must provide reports to the Governing Board regarding:
- Progress on achieving the Annual Goals of Ministry.
 - Compliance with applicable Governing Board policies.

Each report will focus on selected areas of progress and compliance, so that in the course of the year the entire Goals of Ministry and all points of policy compliance are covered.

5.3. Evaluation. Everyone responsible for work in behalf of the Church will engage in a continual process of evaluation. The purposes to be accomplished through evaluation are to foster excellence in ministry work by ensuring that all Church leaders:

- Practice open communication and regular feedback.
- Meet performance standards appropriate to their roles.
- Maintain effective working relationships with one another.
- Focus on achieving goals as approved by the Governing Board and staff.

5.3.1. Governing Board and Pastor Evaluation. Annually, as part of the creation of the Annual Goals of Ministry, the head of staff and Governing Board will together review their respective contributions to the fulfillment of the prior year's Annual Goals of Ministry.

5.3.2. Staff Evaluations. The Pastor must ensure that all Church employees develop, with their supervisors, timely annual performance goals supportive of the Annual Goals of Ministry, and that their performance is evaluated annually in writing.

5.3.3. Evaluation of Ministry Teams. The Pastor must ensure that leaders of teams engaged in ministry develop, with their staff supervisors, goals supportive of the Annual Goals of Ministry, and that their performance is evaluated annually.

5.3.4. Evaluation of the Preschool. The Preschool Board must provide regular reports regarding the programmatic and financial functioning of the Preschool, sufficient to satisfy the Governing Board that the Preschool is fulfilling its purpose and is in compliance with the Bylaws and Governing Board policies.

5.3.5. Evaluation of the Endowment Fund. The Endowment Fund Committee must provide regular reports regarding investment and spending, sufficient to satisfy the Governing Board that the Endowment Fund is fulfilling its purpose and is in compliance with the Bylaws and Governing Board policies.

5.3.6. Pastor's Triennial Performance Review. Every three years, the Church Council and Pastor will together appoint an ad hoc Review Committee of three persons held in high esteem by the Church and mutually acceptable to the Church Council and Pastor. Working with the Pastor, the Committee will design and facilitate a review of the Pastor's performance. The goals of the evaluation are to call the congregation's attention to the mutual, relational nature of ministry and the respective responsibilities of all who contribute to its success, and to help the Pastor to remain motivated, creative, and flexible.

5.3.7. Annual financial audit or review. At least every three years, the Governing Board will engage a qualified professional to conduct an audit or review of the Church's financial records (including those related to the Endowment Fund and Preschool) and report in writing to the Governing Board. In alternate years, the Governing Board will appoint a volunteer committee to perform an informal review of some aspect of the church's financial records. Audits will cover all aspects of the Church's finances, including the Preschool and the Endowment Fund.