First Unitarian Church of Des Moines  
Board of Trustees Minutes  
Thursday, September 19, 2019  
6:00 p.m.

In attendance:  
Board Members: Bill Brauch, Scott Clair, Gene McCracken, Sue Huber, Mike Lauer, Heidi Mannetter, Patty Notch, Katherine Vance, Rev. Amy Shaw  
Staff: Charles Lewis  
Timekeeper: Heidi Mannetter  
Process Observer: Gene McCracken  

The meeting was called to order at 6:00 PM by Board President Sue Huber. The agenda was adopted, including the consent agenda approving the August Board Meeting Minutes as published on the church website. Board members did a “check in.”

Executive Report  
Rev. Shaw submitted a written Executive Report. It is posted on the church website. She responded to questions.

Financials and Dashboard  
DFA Charlie Lewis submitted a written financial report. It is posted on the church website. He responded to questions.

Discussion Items

1. Executive Report. The Board discussed the format and content of Executive Reports.
2. Governance Committee (“GC”)  
   a) Amendments to the church record access policy – Moved by GC. Adopted via voice vote. (Attached)  
   b) Recommended amendments to Executive Limitations D thru F. Moved by GC. Adopted by voice vote. (Attached)  
   c) Policy- discussion regarding adding the written Interpretations and Monitoring to the Governing Policies as they appear on the church website. No motion raised to post Interpretations and Monitoring to Governance Policies on church website. Noted that
3. Financial Oversight Committee (“FOC”)  
   a) Draft check-signing and electronic deposit Board Resolution (attached). Katherine Vance, on behalf of the FOC, moved adoption of the draft Resolution as presented. A motion to amend the main motion to include directing the staff to include the resolution as a new church Operating Policy was adopted via voice vote. The amended main motion was adopted via voice vote.
b) Katherine Vance, on behalf of the FOC, presented its draft congregational report of current financial status and moved its approval by the Board. It was approved via voice vote.

4. Board Forum on Sept 29 and Oct 2. Board members discussed the plan for the Forums.

5. Mission and Vision statements. Board members discussed the drafts provided by the Mission and Vision drafting team and possible new versions of the Mission Statement. Board members expressed satisfaction with the Vision Statement. There was further member agreement that congregational buy-in is needed before adoption of either a Mission or Vision statement. “Growing, Loving, Serving” is what the Board will propose in future meetings with the congregation regarding a church Mission Statement.

6. Nominating Committee Report. Gene McCracken led discussion of the role of the Nominating Committee, including whether that Committee should also be involved in leadership development. No Board action taken.

7. Board governance policies and Executive operating policies regarding use of our church building by affiliated groups. Members appeared to agree with Gene’s suggestion that Rev. Amy and Charlie review the relevant policies, consider adopting a new policy, and report back to the Board.

The meeting was adjourned at 8:05 p.m. (Submitted by Bill Brauch, Secretary)
DSM 1st UU Policies re access to church records

ORIGINAL

BOARD POLICY ON INSPECTION OF CHURCH RECORDS

It is the policy of The First Unitarian Church of Des Moines to publish and make readily available to members, friends, guests, or any other person a summary budget by program area. Summary budget information, shall, at a minimum, be made available prior to and during each Annual Meeting, and shall be published in each Annual Report. A member of The First Unitarian Church of Des Moines is entitled to inspect and copy, at a reasonable time and a reasonable location, records of the church, including:

- Minutes of the Annual Meeting and any Special Meeting of members;
- Minutes of each meeting of the Board of Directors;
- Agendas for each meeting of the Board of Directors;
- A record of names and addresses of all members; or
- Accounting records, to include line-item budget detail regarding compensation of an individual employee or multiple employees.

The First Unitarian Church of Des Moines shall maintain a procedure to allow a member to request any information described above.

APPROVED: November 13, 2014 by the Board of Trustees
Revised:
To be added as Policy 3 G under Governance Process

**BOARD POLICY ON ACCESS TO CHURCH RECORDS**

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- Minutes of the Annual Meeting and any Special Meeting of members;
- Minutes of each meeting of the Board of Directors;
- Agendas for each meeting of the Board of Directors;
- A record of names of all members;
- Line-item budget detail including but not limited to compensation of individual employees and multiple employees.

The Executive Team shall maintain an operating policy to implement and set forth the procedures members can follow to request any information described above. (Not a part of the policy but intent / desire would be to have a link from the board policy directly to the relevant Operating Policy.)

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Additional Change proposed –
II. J Operating Policies – add an additional bullet that lists Access to church records
Operating Policies – Inspection of Church Records
Board policy (Board Policy on Inspection of Church Records) establishes accessibility guidelines for access to church records. This policy explains how access will be implemented.

Summary budgetary information will be available:
1. At budget forums scheduled annually in April.
2. Printed in the Annual Meeting booklet.
3. By written request (email is sufficient-dfa@ucdsm.org) to the Director of Finance and Administration.

Minutes and agendas of meetings of the board or membership will be made available on the church website.

Access to other information specified in the Board policy, including
   (1) A record of names and addresses of all members, or (2) Accounting records, to include line-item budget detail will be made available in the following manner:
1. By written request (email is sufficient) to the Director of Finance and Administration (DFA) with a specific description of the information being requested.
2. The request should specify if the requestor wishes a copy (electronic or paper) of the information or wishes to examine the records in person at the church office.
3. If the requestor wishes to examine the records in person, a time must be scheduled in advance with the DFA or the DFA’s designee during regular business hours, excluding holidays.
4. A maximum of ten business days should be allowed for the request to be fulfilled. If a longer period of time is necessary to fulfill the request due to the complexity of the request, the DFA will communicate that information to the requestor and provide an approximate date when the request can be fulfilled.
(Updated) due to change in original language – proposed only as this is up to the Executive team to create – Changed to reflect the change in wording on what would be made available as part of the policy.

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FIRST UNITARIAN CHURCH OF DES MOINES
GOVERNING POLICIES
Interpretations and Comments
on Article II, Executive Limitations
with Recommendations for Revision

and
Charles Lewis, Director of Finance & Administration

Revised July 12, 2019 to Include Board Policy Amendments
(Original Proposed Interpretations March 28, 2019)

May 16 and June 27, 2019 Amendments to Article II:

II.A.5. Added (05/16/19) (emergency preparation)
II.B.4. Revised (05/16/19) (removed preferential treatment for “key” employees)
II.F. Adopted (05/16/19) (previously was a provisional policy)
II.H.7. Added (06/27/19) (duty to communicate with Board as a whole)

Governance Committee Revisions submitted for section D thru F for board consideration 9/16/19
Article II, Executive Limitations—Policy A: Staff/Volunteer Treatment ... Error! Bookmark not defined.
Article II, Executive Limitations—Policy B: Compensation and Benefits.. Error! Bookmark not defined.
Article II, Executive Limitations—Policy D: Financial Condition ..............................................9
Article II, Executive Limitations—Policy E: Asset Protection..................................................11
Article II, Executive Limitations—Policy F: Conflict of Interest ...............................................15
Article II, Executive Limitations—Policy G: Gifts .................Error! Bookmark not defined.
Article II, Executive Limitations—Policy H: Communication and Counsel to the Board....Error! Bookmark not defined.
Article II, Executive Limitations—Policy I: Fundraising ..........Error! Bookmark not defined.
Article II, Executive Limitations—Policy J: Operating Policies...Error! Bookmark not defined.
Article II, Executive Limitations—Policy D: Financial Condition
Adopted November 14, 2009

With respect to the actual, ongoing condition of the organization’s financial health, the Executive Team may not cause or allow the development of fiscal jeopardy or loss of allocation integrity.

Interpretation. The term “fiscal jeopardy” means a situation in which First Unitarian is unable to meet its financial obligations, either currently or within a conservative projection of the next five years. The Term “allocation integrity” means that, in both budgets and expenditures, allocations must consistently be congruent with the Ends.

Accordingly, the Executive Team may not:

1. Expend more funds than have been received in the fiscal year to date unless the debt guideline (below) is met.
   a. Indebt the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days. Board shall be notified of any such action.
   b. Allow liquid assets to drop below the amount needed to settle payroll and debts in a timely manner.

Interpretation. The Executive Team may, as needed and warranted, indebt the organization so long as the amount can be repaid by identified and unencumbered revenues within a period of 90 days, or by the use of unencumbered financial reserves. The Board must be notified of any such indebtedness together with the rationale for undertaking it. The Executive Team must retain liquid assets sufficient to settle payroll and debts in a timely manner.

Definitions.

Funds received in the fiscal year to date means all monies received and recorded against the operating budget from the beginning of the fiscal year to the date of proposed expenditure.

Indebt the organization means to incur any financial obligation that First Unitarian would be required to pay at a future date.

Otherwise unencumbered revenues means anticipated funds that are not otherwise earmarked or encumbered and, in the view of prudent financial management and in the light of past practice, can be expected to be received, or are funds that are in the form of unencumbered financial reserves.

Within 90 days means that the funds must be expected to be received and the debt repaid within 90 days of the expenditure(s) being made.

Cash means the funds in First Unitarian’s checking or money market accounts.

Settle payroll and debts in a timely manner means paying obligations within the timeframe specified on the invoice and paying employees and contractors on the agreed and regularly scheduled pay dates.

Monitoring. In the monthly financial report, the Executive Team must inform the Board of
indebtedness incurred and whether it complied with the policy; whether cash was maintained at a level sufficient to settle payroll and debts in a timely manner; the justification for any noncompliance and how it is to be remediated.

2. **Expend any endowment or designated funds other than for the purposes determined at time of receipt or designation.**

**Interpretation.** Endowment or designated funds may be expended only for the specific purposes determined at time of receipt (or, if different, restriction or designation). In general, expenditure of Endowment funds is within the responsibility and authority of the Endowment Committee in consultation with the Executive Team, and the Executive Team must account to the Endowment Committee for the expenditure of Endowment Funds. Designated funds (designated by the Board) and restricted funds (restricted by the donor) are within the responsibility and authority of the Executive Team; the Executive Team must account to the Board for the expenditure of these funds. The Executive Team is expected to maintain a clear record of Endowment, designated, and restricted funds and their expenditure.

**Monitoring.** The Executive Team must report on the status of Endowment or designated funds in the monthly financial report, noting any incident of noncompliance. In the event of noncompliance, the Executive Team will specify the reason for noncompliance and the method of remediation.

3. **Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered revenues within 30 days.**

**Interpretation.** The balance sheet states financial reserves, which may include the Endowment Fund, designated funds (for example, a capital maintenance fund or the shower fund), savings, and bequests. The Executive is not permitted to spend an amount in one of these funds in a manner inconsistent with its designation or the annual budget plan unless the amounts can be replaced within 30 days. The return of the amounts to their designated fund must be made with identifiable and otherwise unencumbered revenues.

**Monitoring.** In the monthly financial report, the Executive Team must state and justify any inter-fund shifting.

4. **Allow actual allocations to deviate materially from Board priorities in Ends policies.**

**Interpretation.** The Executive Team understands the annual operating budget and any other budget plan the Board has adopted as guidelines for the Board’s Ends priorities. An expenditure of funds outside a budget plan would “deviate materially” if in excess of 1% of the current year’s total operating budget.

**Monitoring.** If an expenditure is beyond the amount contemplated in a budget plan and in excess of 1% of the total operating budget, then in its monthly financial report the Executive Team must reveal that excess along with the justification for it and obtain either Board ratification or a timeline for remediation.

5. **Borrow funds on other than the short-term basis as defined and outlined in these policies.**

**Interpretation.** The Executive Team is authorized to incur debt on **First Unitarian’s** behalf in
accordance with the limitations specified in Policy II.D.1(a). Should the Executive Team deem borrowing to be warranted on other basis than those defined and outlined in these policies, the Executive Team shall consult the Board immediately and is not to proceed without specific, written Board authorization.

*Fixed grammar issues – made First Unitarian possessive and changed the phrase ‘must will’ to ‘shall’ for the interpretation – previously read ‘the Executive Team must will consult the Board …’*

**Monitoring.** With its monthly financial report, the Executive Team must report any instance of noncompliance along with the justification and a timeline for remediation.

**Article II, Executive Limitations—Policy E: Asset Protection**

*Adopted May 25, 2010*

With respect to proper stewardship of the corporation's assets, the executive team may not risk losses beyond those necessary in the normal course of business. Accordingly, the executive team may not:

1. Fail to insure against theft and casualty losses at replacement value less reasonable deductible and/or co-insurance limits.

**Interpretation.** The Executive team must ensure that:

(a) Limits specified in First Unitarian’s property insurance are based on current replacement value

(b) There is maintained a complete, accurate and current inventory on all business personal property including date of acquisition and acquisition cost.

(c) Deductibles and/or co-insurance amounts are practical, reasonable, and achievable in terms of the annual budget plan and other resources.

A deductible or co-insurance meets the requirements of (c) if, in the event of a claim, First Unitarian could pay the amount within the scope of its financial means. The Executive Team is required to contract and maintain an adequate level of insurance from a third-party provider (as opposed to “self-insuring”) to protect the property of First Unitarian against damage, and in particular against theft and casualty loss.

**Definitions.**

- **Replacement value** means the amount of money required to repair, restore, or rebuild the property to its original condition, using new materials and contract labor. This value includes the value of the building, everything permanently affixed to it, and the contents (“business personal property”).
- **Business personal property** means items not permanently affixed to the building(s) or land (for example, a computer or desk).
- **Deductible** means the specified amount of money First Unitarian must pay before the insurance company will pay a claim and
- **Co-insurance** means a specific percentage of insurance to the value of the property insured, which may be required by the insurance company.

**Monitoring.** See II.E.2 (below)
2. Fail to insure against corporate liability and personal liability of board members and staff, taking into account pertinent statutory provisions for indemnification and exemptions applicable to Iowa non-profit organizations.

**Interpretation.** The Executive Team interprets this limitation as meaning that an adequate level of insurance will be acquired and maintained from a third party provider (as opposed to “self-insuring”) to protect the church, its Board members, and its paid and volunteer staff against corporate and personal liability. The amount of insurance acquired and maintained must, at a minimum, be maintained at levels deemed appropriate by the church’s insurance agent and policy provider.

Words missing may be “The Executive Team …” but confirming with Charlie and Amy

**Monitoring.** The Executive Team must provide the Board with the following documentation annually:

(a) A warrant from the church’s insurance agent and policy provider that appropriate levels of insurance are in place for both property damage and corporate and personal liability, and that premium payments are current.

(b) The dates of the most recent insurance review and business personal property inventory.

(c) An explanation, based on the current operating budget and other financial resources, of how insurance deductible and/or co-insurance would, if necessary, be paid, and the payment’s impact on operations.

In addition, at five-year intervals, the Executive Team must provide documentation from a reputable external source other than the current insurer establishing that the replacement cost specified in the church’s insurance contract is current, valid, and appropriate. A reputable external source shall include but not be limited to an independent insurance agent.

3. Allow unbonded personnel access to material amounts of funds.

**Interpretation.** This policy mandates that policies and procedures be in place to restrict to bonded personnel access to material amounts of funds and that the operating budget include appropriate provision for the cost of bonding to cover all applicable personnel.

**Definitions.**

- **Bond** means an agreement under which a bonding or insurance company guarantees payment of a specified sum as damages in the event an employee, officer, or volunteer covered in the bond causes financial loss to the church.

- Typo changed employees to employee

- **Material amounts of funds** means an amount over $1,000.

**Monitoring.** At the frequency specified by the Board, the Executive Team must certify the bonding of all staff and volunteers who have access to First Unitarian funds in any amount over $1,000.

Is annual a reasonable request – not sure what all is involved?

4. Subject plant and equipment to improper wear and tear or insufficient maintenance.

**Interpretation.** Within financial constraints, the Executive Team will provide for routine and preventative maintenance spending in the annual budget, together with resources adequate to
deal with unforeseen events. The Executive Team must ensure that the appropriate maintenance takes place.

**Typo - added a period after events.**

*Monitoring.* The annual operating budget submitted to the Board for approval must include provisions for routine maintenance as well as unplanned repairs. Should a repair or maintenance issue incident arise, the Executive Team must, within one month after the incident is noted, provide the Board with a report on the incident and the remediation undertaken.

5. **Unnecessarily expose the organization, its board, or staff to claims of liability or risk the organization’s nonprofit status.**

*Word missing in original policy to clarify adding ‘organization’s’*

*Interpretation.* The Executive Team must neither direct nor permit any activity under the aegis of First Unitarian that would cause it to fall outside the definition of a nonprofit religious institution as defined by local, state, and federal law. The Executive Team must neither direct nor permit any activity under the aegis of First Unitarian that would expose the church, its Board, or staff to unnecessary claims of liability.

This limitation requires the Executive Team to have and to implement a Safety Policy as one of the Operating Policies specified in Article II, Policy J. To determine whether the Executive Team permitted questionable activity related to this policy, a “reasonable person” standard applies: If the Executive Team knew or reasonably should have known about the activity, it is deemed to have permitted the activity.

*Monitoring.* The Executive Team must provide the Board annually with documentation that the church’s nonprofit status is valid and must report on any existing or pending liability claims against the church, the Board, or a member of the staff. As mandated under Article II, Policy J, the Executive Team must provide the Board with documentation of the existence and regular review of an appropriate Safety Policy.

*Typo word missing added ‘the’ so it reads ‘or a member of the staff’*

6. **Make any purchases not provided for in either the capital expenditure or operational projections. Make any purchase of between $2,500.00 and $4,999.99 without at least two informal quotes, or make any purchase over $5,000.00 without at least two competitive bids or a sole source justification.**

*Interpretation.* The Executive Team is not permitted to make a purchase not provided-for in the capital expenditure budget or operating budget; a purchased item is “provided for” if it is reasonably includable within a budget category. The Executive Team must source purchases—

(a) that require the commitment of church financial resources of between $2,500.00 and $4,999.99 based on a minimum of two informal price quotes or bids; and

(b) that require the commitment of church financial resources in excess of $5,000 based on at least two competitive bids unless there is a sole source justification.

A statement explaining the sole-source justification for an acquisition must be filed with documentation related to the purchase.

*Definition.*
Sole source justification means that seeking only one bid is explained by the need for compatibility with existing equipment or by the existence of only one supplier. (The sole-source procurement policy of the University of Iowa is the basis for this definition).

**Monitoring.** The Executive Team shall submit a report referencing any purchases over $2,499.99 not provided for in the capital expenditures or operational projections, along with sources of competitive quotes and a summary of any sole source justification.

* Removed the word ‘If’ at the beginning of the monitoring statement.

7. Receive, process, or disburse funds under controls insufficient to meet the board appointed auditor's standards or other standards.

**Interpretation.** The Executive Team must ensure that the receipt, processing, and disbursement of funds occurs subject to financial procedures and controls that meet the standards of a Board-approved financial expert or clearly established local, state, or federal government standards.

**Monitoring.** At the frequency determined by the Board in consultation with the Financial Oversight Committee, the Executive Team must submit a report verifying that First Unitarian’s financial operating policies and financial controls have been reviewed and accepted by a Board-approved outside financial authority or through an internal review using standards and procedures that the Financial Oversight Committee establishes.

* this should be specified – will defer to the financial oversight committee for the appropriate frequency.

8. Invest operating capital in accounts not insured by the FDIC or FSLIC.

**Interpretation.** The Executive Team must maintain the cash required and used for daily operations of the church in accounts that are insured by the FDIC or FSLIC.

**Monitoring.** In the monthly financial report, the Executive Team must confirm that all operating capital is in accounts insured by the FDIC or FSLIC, and upon request must make documentation available to the Board’s Financial Oversight Committee.

9. Fail to protect intellectual property, information, and files from significant damage, excluding the work of called ministers of the church, who are the sole owners of their intellectual property.

**Interpretation.** Electronic files must be backed up offsite and paper files must be stored in fireproof or fire-resistant cabinets.

**Monitoring.** The Executive Team must provide annually to the Board, and upon request by the Financial Oversight Committee to that Committee, documentation that electronic files are backed up in a secure fashion and that measures are in place to protect paper files.
Article II, Executive Limitations—Policy F: Conflict of Interest
Provisionally Adopted May 25, 2010; Adopted May 16, 2019

1. Members of the executive team are expected to avoid conflicts of interest, defined as any situation where an employee may attain personal gain or which may serve as a detriment to the Employer, either monetarily or to its public image, because of the use of information or personal contact which is not generally available except through employment with the Employer.

2. Members of the executive team shall not engage in any business or transaction, and shall not have a financial or other personal interest, which is incompatible with their employment duties or which would impair their judgment or actions in the performance of their duties for the Employer.

Interpretation. This policy provides its own interpretation in the definition stated in the paragraph we have numbered (1). The Executive Team warrants agreement with this definition, understanding it to apply both to relationships that give rise to a conflict of interest as well as to specific actions that constitute a conflict of interest.

Monitoring. Members of the Executive Team must certify annually that they are not at that time, nor have they been in the period since the previous report, engaged in any form of conflict of interest. Should a situation arise where a member of the Executive Team stands to derive personal gain incompatible with their position or that may potentially or actually does result in detriment to First Unitarian, that member of the Executive Team shall immediately inform the Board.
September 19, 2019

Board of Trustees Resolution Regarding Checks and Drafts

Whereas, Article VII, Section 2 of the Bylaws of this Church requires the Board of Trustees to adopt a resolution determining the manner in which all checks, drafts, or other orders for the payment of money issued in the name of the Church must be signed, and,

Whereas, the Board of Trustees has not previously adopted a resolution pursuant to this requirement,

Be it Resolved:

That all checks, drafts, or other order for the payment of money issued in the name of the church shall be signed, physically or digitally, by the Senior Minister, the Director of Finance and Administration, the President of the Board of Trustees, or the Vice-President of the Board of Trustees, and,

That all such checks, drafts, or other orders for payment of funds equal to or exceeding $1500.00 must be signed, physically or digitally, by no fewer than two of the individuals holding the titles referenced in the above paragraph.