

**First Unitarian Universalist Church of San Diego**  
**BOARD MEETING**  
**June 4, 2019**  
**Review of Limitations Statements**

**II. STAFF LIMITATIONS**

(As of 4 October 2014)

The Lead Minister shall not cause or allow any practice, activity, decision, or Church circumstance that is unlawful, imprudent, or in violation of our Unitarian Universalist principles, the Church Constitution, or of commonly accepted business and professional ethics and practices. The Lead Minister shall not discriminate with regard to age, race, color, ethnicity, national origin, gender, gender identity, gender expression, sex, affectional or sexual orientation, marital status, pregnancy, medical condition, genetic information, physical or mental disability, socioeconomic status, military status, veteran status, spiritual practice, or religious belief.

**A. TREATMENT OF CONGREGANTS:**

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

**B. TREATMENT OF PAID AND VOLUNTEER STAFF:**

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

**C. COMPENSATION AND BENEFITS:**

With respect to employment, compensation and benefits to employees, consultants, contract workers, and volunteers, the Lead Minister shall not cause or allow jeopardy to fiscal integrity or public image. Accordingly, the Lead Minister shall not:

1. Fail to maintain and abide by an up-to-date personnel manual.
2. Change his or her total cost of ministry or housing allowance without prior approval of the Church Board.
3. Promise or imply permanent or guaranteed employment.
4. Establish current compensation and benefits that:
  - a. Deviate materially from the nonprofit or geographic market for the skills employed.
  - b. Create obligations over a term longer than revenues can be safely projected, in no event longer than one year and in all events subject to loss of revenue.
5. Establish or change deferred or long-term compensation and benefits so as to:
  - a. Cause unfunded liabilities to occur or in any way commit the Church to benefits which incur unpredictable future costs.
  - b. Provide less than some basic level of benefits to all full-time employees.
  - c. Allow any employee to lose benefits already accrued from any foregoing plan.

**D. FINANCIAL PLANNING AND BUDGETING:**

Financial planning for any fiscal year or the remaining part of any fiscal year shall not risk financial jeopardy nor deviate from the Church Constitution or from Outcome Statements set by the Church Board. Accordingly, the Lead Minister shall not allow budgeting that:

1. Contains too little detail to enable reasonably accurate projection of revenues and expenses, separation of capital and operational items, disclosure of cash flow and subsequent trails, and disclosure of planning assumptions.
2. Fails to present to the Church Board a balanced budget proposal for the next fiscal year before the first Church Board meeting in May. The proposal shall not plan the expenditure in any fiscal year of more funds than are reasonably projected to be received in that period.
3. Fails to separately present a plan for capital expenditures and the means to pay for them. For purposes of this paragraph, capital expenditures are
  - a. any building renovations, additions, and improvements, and equipment purchases over \$10,000 each, and
  - b. repayment of debt incurred to finance the same.
4. Fails to plan adequately for maintenance and repair of Church facilities in accord with prudent practices and any maintenance plan required by Church Board policy.
5. Deviates materially from the Church Board's Outcome Statements in its allocation among competing fiscal needs.
6. Fails to identify in the proposed budget then known annual, capital, or special-cause fundraising activities on behalf of the Church. Furthermore, the Lead Minister shall not fail to have procedures that authorize and coordinate fundraising that is done on behalf of the Church or on Church property or by any Church group for any other purpose.
7. Fails to maintain a minimum balance in the general fund of \$50,000, and in the combined balances of the general, committee, and designated funds of \$100,000, without prior Board approval.

**E. FINANCIAL CONDITION AND ACTIVITIES:**

With respect to the ongoing financial condition and activities, the Lead Minister shall not cause or allow the development of fiscal jeopardy or a material deviation of expenditures from Church approved priorities established in current Outcome Statements. Accordingly, the Lead Minister shall not:

1. Indebt the Church, nor enter into a contract that could indebt the Church, in an amount greater than 5% of the then current year's budget in any single transaction, nor greater than 7% of the then current year's budget in the aggregate without prior notification of the Church Board and approval under its policies.
2. Conduct inter-fund shifting in amounts that deviate materially from the Church Board's Outcome Statements.
3. Fail to settle payroll and other debts in a timely manner.

4. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
5. Buy, sell, or mortgage any interest in real estate.
6. Fail to aggressively pursue unpaid non-pledge receivables after a reasonable amount of time.
7. Authorize a line of credit without the prior approval of the Church Board.
8. Expend any endowment, donor restricted, or designated funds for other than the purposes determined at time of receipt or designation or in amounts that exceed limitations set by Church Constitution Section IX.8 (Endowment Fund).
9. Fail to inform the Church Board before any decision is made to use unexpected and undesignated income over the amount of \$7,500 for any purpose.
10. Receive, process, or disburse funds (e.g. collections, bookstore revenues, etc.) without controls sufficient to meet generally accepted standards. These standards shall include, at a minimum, the following:
  - a. Two signatures on all checks of \$1,000 or more. Signature authority on bank accounts shall be held by the Church Director of Operations and the current Church Board Officers (President, Vice-President, Secretary, and Treasurer).
  - b. Limited access to operating and investment accounts.
  - c. Quarterly reports to the Church Board regarding the Church's investments.
  - d. Reconciliation of operating accounts monthly.
  - e. Controls over the receipt, processing, and dispersal of funds that are sufficient to meet the Church Board-appointed auditor's standards.
11. Fail to inform the Church Board in writing concerning actual revenues and expenditures and appropriate comparisons and projections, quarterly or at another frequency specified in the Monitoring Schedule (set forth at Section III.D.4 of the Church Governance Policies).
12. Fail to provide written financial reports on a monthly basis to the Treasurer and Church Board Finance Committee. These reports will include the following: Balance Sheet, General Fund Activity (including Transfers and Budget vs Actual), Committee Operations, Fund Details for Affiliated Organizations, Designated, Donor Restricted, and Endowments, Over-budget, and Pledge. Such reports shall include commentary for "material deviations." A material deviation is a variance in a budgeted line item that exceeds 10%.
13. Fail to take such action as may be possible to ensure that spending and other financial obligations are consistent in amount and character with the Budget approved by the congregation, and to inform the Church Board of any over-budget items and material deviations within one month of occurrence.
14. Fail to inform the Church Board if receipts or revenues are, or are likely to be, at least \$10,000 less than budgeted, for any budgeted line item.

F. **ASSET PROTECTION:**

The Lead Minister shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the Lead Minister may not:

1. Fail to establish and implement appropriate plans and procedures for risk management, safety, and security.
2. Fail to report annually to the Church Board the status of risk management, safety, and security.
3. Fail to carry adequate insurance for liability, theft, fire, casualty loss, bonding, and corporate and personal liability of Church Board, staff, and volunteers.
4. Unnecessarily expose the Church, its Board, or its staff to claims of liability.
5. Unnecessarily risk the Church's non-profit status.
6. Fail to protect intellectual property, information, and files from loss or significant damage.
7. Invest or hold operating capital in instruments other than insured bank accounts or bonds issued by the US Treasury or other US government entities such as FNMA, FHLB and FHLMC, nor may the Lead Minister hold funds in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.
8. Endanger the Church's public image or credibility, particularly in ways that would hinder accomplishment of its Outcome Statements or mission.

**G. CONTRACTS AND GRANTS:**

No one other than the Lead Minister, Church Director of Operations, or Church Board President (or Vice President, in the President's absence), shall execute any contract on behalf of the Church. The Lead Minister may not enter into any grant or contract arrangement that fails to emphasize the achievement of Outcome Statements or to comply with the limitations expressed in the Church Board's policies. Accordingly, the Lead Minister may not:

9. Fail to obtain Church Board approval prior to executing any contract in an amount greater than \$50,000. This "Contract Limit" amount will be reviewed by the Church Board annually.
10. Make a single purchase or commitment of greater than \$25,000, other than for professional services, without obtaining and considering at least three bids or offers, unless under the circumstances she or he believes it would be manifestly unreasonable to obtain and consider multiple bids or offers.
11. Fail to seek legal advice, when necessary, to interpret and assess contractual terms.
12. Hire ministers or interns in a manner inconsistent with the Church Constitution or Annual Budget.
13. Accept any grant, gratuity, or gift with restrictions that are contrary to the Church's Mission, Outcome Statements, or Unitarian Universalist principles.

**H. COMMUNICATION AND SUPPORT TO THE CHURCH BOARD:**

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

- a. Neglect to submit monitoring information required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of board policies being monitored.

- b. Let the Board be unaware of relevant trends, anticipated adverse media coverage, or material external or internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
- c. Fail to advise the Board if, in the Lead Minister's opinion, the Board is not in compliance with its own policies on Governance Process and Church Board-Management Linkage, particularly in the case of Board behavior that is detrimental to the working relationship between the Board and the Lead Minister.
- d. Fail to marshal for the Board as many staff and external points of view, issues, and options as needed for informed Board choices.
- e. Fail to provide a mechanism for official Board, officer or committee communications.
- f. Fail to report in a timely manner an actual or anticipated non-compliance with any policy of the Board.

I. **EMERGENCY LEAD MINISTER SUCCESSION:**

Because of the risk of the sudden loss of the Lead Minister's services, the Lead Minister must have, at all times, no fewer than two other key leaders sufficiently capable to take over with reasonable proficiency as an interim successor. *Please see "Succession Policy dated June 4, 2019" attached as a part of this report.*