Champlain Valley
Unitarian Universalist Society

Governance Manual
As amended on 10/11/12

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I. Ends

1. The Champlain Valley Unitarian Universalist Society (CVUUS) exists to spiritually nourish, challenge, and sustain people of all ages and circumstances, so that they might lead lives of meaning, integrity, and service.

2. A. The highest priority is that people of all ages are opened to deeper connections with themselves, others, and the spirit of life.
   
   2. A. 1. Children and youth are capable of reflecting on their experiences in age-appropriate ways with reference to Unitarian Universalist principles, sources, and history.
   
   2. A. 2. Adults grow and develop spiritually within the context of Unitarian Universalist principles, sources, and history.
   
   2. A. 3. People of all ages are able to discover and live their calling in the world.

2. B. The second priority is that people who participate in the life of CVUUS are in “right relationship” with one another and the wider community.

   2. B. 1. People of all ages live their UU values.

   2. B. 2. CVUUS welcomes the participation of all who support our principles and demonstrates a culture of accepting, supporting, encouraging, and caring for one another that permeates all congregational activities.

2. C. The third priority is that people who participate in the life of CVUUS are connected to a purpose beyond individual and congregational self-interest.

   2. C. 1. Children and youth understand the importance of service and perform age-appropriate acts of service to others.

   2. C. 2. Adults participate in service activities within and outside the CVUUS community.

   2. C. 3. CVUUS sponsors and participates in community service activities as a congregation.

   2. C. 4. CVUUS visibly and actively promotes social and economic justice, and living in harmony with the earth.
II. Executive Limitations

2.0. Global Executive Constraint

- The Lead Minister shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business ethics and practices, and Unitarian Universalist Association principles, professional ethics, and practices.
2.1. Treatment of Congregants

• With respect to interactions with members, friends, or others involved in activities of the congregation, the Lead Minister shall not cause or allow conditions, procedures, or decisions that are unsafe, untimely, undignified, or unnecessarily intrusive.

• Further, without limiting the scope of the foregoing by this enumeration, the Lead Minister shall not

1. Elicit information that is clearly not necessary
2. Use methods of collecting, reviewing, transmitting, or storing congregant information that fail to protect against improper access to the material elicited
3. Fail to operate facilities with appropriate accessibility and privacy
4. Fail to establish with congregants a clear understanding of what may be expected and what may not be expected from the service offered
5. Fail to inform congregants of this policy or to provide a way to be heard for persons who believe they have not been accorded a reasonable interpretation of their protections under this policy
2.2. Treatment of Staff

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

• Further, without limiting the scope of the foregoing by this enumeration, the Lead Minister shall not

1. Operate without written personnel rules that (a) clarify rules for staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons

2. Discriminate against any staff member for nondisruptive expression of dissent

3. Fail to acquaint staff with the Lead Minister’s interpretation of their protections under this policy

4. Allow staff to be unprepared to deal with emergency situations
2.3. Financial Condition and Activities

- With respect to the actual, ongoing financial condition and activities, the Lead Minister shall not cause or allow the development of financial jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.
- Further, without limiting the scope of the foregoing by this enumeration, the Lead Minister shall not.

1. Expend funds more than 5% of budget over funds received in the fiscal year to date.
2. Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within ninety days.
3. Use any long-term reserves
4. Conduct interfund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain otherwise unencumbered revenues within thirty days.
5. Fail to settle payroll and debts in a timely manner.
6. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
7. Make a single unbudgeted purchase or commitment of greater than $2000. Splitting orders to avoid this limit is not acceptable.
8. Acquire, encumber, or dispose of real property.
9. Fail to appropriately pursue unpaid pledges after a reasonable amount of time.
10. Fail to aggressively pursue unpaid, non-pledge receivables after a reasonable amount of time.
2.4. Financial Planning and Budgeting

• The Lead Minister shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from the board’s Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

• Further, without limiting the scope of the foregoing by this enumeration, there will be no financial plans that

1. Risk incurring those situations or conditions described as unacceptable in the board policy “Financial Condition and Activities”

2. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions

3. Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy
2.5. Emergency Lead Minister Succession

• To protect the board from sudden loss of Lead Minister services, the Lead Minister shall not permit there to be fewer than two other people sufficiently familiar with board and church issues and processes to enable either to take over with reasonable proficiency as an interim successor.
2.6. Asset Protection

• The Lead Minister shall not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

• Further, without limiting the scope of the foregoing by this enumeration, the Lead Minister shall not

1. Fail to insure against theft and casualty losses to at least 80 percent of replacement value and against liability losses to board members, staff, and the organization itself in an amount greater than the average for comparable organizations.

2. Allow unbonded personnel access to material amounts of funds

3. Subject facilities and equipment to improper wear and tear or insufficient maintenance

4. Unnecessarily expose the organization, its board, or its staff to claims of liability

5. Make any purchase (a) wherein normally prudent protection has not been given against conflict of interest; (b) of over $500 without having obtained comparative prices and quality; (c) of over $500 without first obtaining cost estimates, when feasible.

6. Fail to protect intellectual property, information, and files from loss or significant damage

7. Receive, process, or disburse funds under controls that are insufficient to meet generally accepted accounting practices.

8. Compromise the independence of the board’s audit or other external monitoring or advice, such as by engaging parties already chosen by the board as consultants or advisers

9. Invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating at any time, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions

10. Endanger the organization’s public image, its credibility, or its ability to accomplish ends

11. Change the organization’s name or substantially alter its identity in the community
2.7. 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 financial integrity or to public image.
- Further, without limiting the scope of the foregoing by this enumeration, the Lead Minister shall not

1. Change his own compensation and benefits, except as those benefits are consistent with a package for all other employees
2. Promise or imply permanent or guaranteed employment
3. Establish current compensation and benefits that deviate materially from the geographical or professional market for the skills employed
4. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue
2.8. Communication and Support to the Board

- The Lead Minister shall not cause or allow the board to be uninformed or unsupported in its work.
- Further, without limiting the scope of the foregoing by this enumeration, the Lead Minister shall not

1. Neglect to submit monitoring data required by the board (see policy 3.4 on monitoring Lead Minister performance) in a timely, accurate, and understandable fashion, directly addressing the provisions of board policies being monitored

2. Fail to report in a timely manner any actual or anticipated noncompliance with any policy of the board

3. Neglect to submit unbiased decision information required periodically by the board or let the board be unaware of relevant trends

4. Let the board be unaware of any significant incidental information it requires, including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes

5. 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 Board-Management Delegation, particularly in the case of board behavior that is detrimental to the work relationship between the board and the Lead Minister

6. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other

7. Fail to provide a workable mechanism for official board, officer, or committee communications

8. Fail, when addressing official business, to deal with the board as a whole except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the board

9. Fail to supply for the board's consent agenda, along with applicable monitoring information, all decisions delegated to the Lead Minister yet required by law, regulation, or contract to be board-approved.
2.9 Gift Acceptance Policy

With respect to the acceptance of gifts and disposition of tangible property, the lead minister shall not financially overburden CVUUS, jeopardize its nonprofit status, participate in legally risky or ineffective transactions, tarnish the organization’s image or reputation, overburden staff resources, or incur unsustainable stewardship obligations.

Accordingly, the lead minister shall not accept or dispose of any tangible property gift:

1. Whose fair market value exceeds $5000.
2. Without first assuring that adequate financial resources exist to sustain the gift in a manner that does not overstretch CVUUS resources.
3. That breach “private benefit” rules, that do not advance the mission of the organization, or that in any other manner violate IRS restrictions applicable to CVUUS as a nonprofit organization.
4. That expose CVUUS to significant legal risk.
5. That require the investment of staff time and effort that is not proportionate to the benefits received.

In addition, the lead minister may not:

• Disregard donor restrictions, or use funds for purposes other than designated by the donor.
• Manage restricted gift that are of an inappropriate size (i.e., the gift is too small to warrant the record-keeping required)
• Fail to obtain an appraisal that is less than one year old from the donor of tangible property gifts with a fair market value between $500 and $5000.
• Accept gifts of real estate.
III. Board-Management Delegation

3.0. Global Governance-Management Connection

• The board’s sole official connection to the operational organization, its achievements, and its conduct will be through the Administrative Team.
3.1. Unity of Control

- Only officially passed motions of the board are binding on the Lead Minister.
- Accordingly:

1. Decisions or instructions of individual board members, officers, or committees are not binding on the Lead Minister except in rare instances when the board has specifically authorized such exercise of authority.

2. In the case of board members or committees requesting information or assistance without board authorization, the Lead Minister can refuse such requests that require, in the Lead Minister’s opinion, a material amount of staff time or funds or are disruptive.
3.2. Accountability of the Lead Minister

- The Lead Minister is the board’s only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the Lead Minister.

- Accordingly:

1. The board will never give instructions to persons who report directly or indirectly to the Lead Minister.

2. The board will not evaluate, either formally or informally, any staff other than the Lead Minister.

3. The board will view Lead Minister performance as identical to organizational performance so that organizational accomplishment of board-stated ends and avoidance of board-proscribed means will be viewed as successful Lead Minister performance.
3.3. Delegation to the Lead Minister

- The board will instruct the Lead Minister through written policies that prescribe the organizational ends to be achieved and describe organizational situations and actions to be avoided, allowing the Lead Minister to use any reasonable interpretation of these policies.

- Accordingly:

1. The board will develop policies instructing the Lead Minister to achieve specified results for specified recipients at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels and will be called Ends policies. All issues that are not ends issues as defined here are means issues.

2. The board will develop policies that limit the latitude the Lead Minister may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies. The board will never prescribe organizational means delegated to the Lead Minister.

3. As long as the Lead Minister uses any reasonable interpretation of the board’s Ends and Executive Limitations policies, the Lead Minister is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and pursue all activities. Such decisions of the Lead Minister shall have full force and authority as if decided by the board.

4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and Lead Minister domains. By doing so, the board changes the latitude of choice given to the Lead Minister. But as long as any particular delegation is in place, the board will respect and support the Lead Minister’s choices.
3.4. Monitoring Lead Minister Performance

- Systematic and rigorous monitoring of Lead Minister job performance will be solely against the only expected Lead Minister job outputs: organizational accomplishment of board policies on ends and organizational operation within the boundaries established in board policies on Executive Limitations.

- Accordingly:
  1. Monitoring is simply to determine the degree to which board policies are being met. Information that does not do this will not be considered to be monitoring information.
  2. The board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the Lead Minister discloses interpretations and compliance information to the board; (b) by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies; or (c) by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.
  3. In every case, the board will judge (a) the reasonableness of the Lead Minister’s interpretation and (b) whether data demonstrate accomplishment of the interpretation.
  4. In every case, the standard for compliance shall be any reasonable Lead Minister interpretation of the board policy being monitored. The board is the final arbiter of reasonableness but will always judge with a “reasonable person” test rather than with interpretations favored by board members or by the board as a whole.
  5. All policies that instruct the Lead Minister will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method but will ordinarily depend on a routine schedule.
## Monitoring Schedule

<table>
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<td>Global Executive Constraint</td>
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<tr>
<td>Financial Planning and Budgeting</td>
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<tr>
<td>Communication and Support</td>
<td>Direct inspection</td>
<td>Annually</td>
<td>June</td>
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IV. Governance Process

4.0. Global Governance Commitment

- The purpose of the board, on behalf of the congregants, is to see to it that CVUUS (a) achieves appropriate results for appropriate persons at an appropriate cost (as specified in board Ends policies) and (b) avoids unacceptable actions and situations (as prohibited in board Executive Limitations policies).
4.1. Governing Style

- The board will govern lawfully, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of board and Lead Minister roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

- Accordingly:

1. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the board as a body.

2. The board will direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended long-term impacts outside the staff organization, not on the administrative or programmatic means of attaining those effects.

3. The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the board can change its Governance Process policies at any time, it will scrupulously observe those currently in force.

4. Continual board development will include orientation of new board members in the board's Governance Process and periodic board discussion of process improvement.

5. The board will allow no officer, individual, or committee of the board to hinder or serve as an excuse for not fulfilling group obligations.

6. The board will monitor and discuss the board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-Management Delegation categories.
4.2. Board Job Products

• Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.
• Accordingly, the board has direct responsibility to create

1. The linkage between the ownership and the operational organization

2. Written governing policies that realistically address the broadest levels of all organizational decisions and situations
   A. Ends: organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost)
   B. Executive limitations: constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place
   C. Governance process: specification of how the board conceives, carries out, and monitors its own task
   D. Board-management delegation: how power is delegated and its proper use; the Lead Minister’s role, authority, and accountability

3. Assurance of successful organizational performance on Ends and Executive Limitations.
4.3. Agenda Planning

• To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that (a) completes a re-exploration of Ends policies annually and (b) continually improves board performance through board education and enriched input and deliberation.

1. The cycle will conclude each year on the last day of June so that administrative planning and budgeting can be based on accomplishing a one-year segment of the board’s most recent statement of long-term ends.

2. The cycle will start with the board’s development of its agenda for the next year.

   A. Consultations with selected groups in the ownership, or other methods of gaining ownership input, will be determined and arranged in the first quarter, to be held during the balance of the year.

   B. Governance education and education related to ends determination (presentations by futurists, demographers, advocacy groups, staff, and so on) will be arranged in the first quarter, to be held during the balance of the year.

   C. A board member may recommend or request an item for board discussion by submitting the item to the President no later than five days before the board meeting.

3. Throughout the year, the board will attend to consent agenda items as expeditiously as possible.

4. Lead Minister monitoring will be included on the agenda if monitoring reports show policy violations, if policy criteria are to be debated, or if the board, for any reason, chooses to debate amending its monitoring schedule.
4.4. Board President’s Role

• The Board President, a specially empowered member of the board, ensures the integrity of the board’s process and, secondarily, occasionally represents the board to outside parties.

• Accordingly:

1. The assigned result of the President’s job is that the board behaves consistently with its own rules and those legitimately imposed on it from outside the organization.
   
   A. Meeting discussion content will consist solely of issues that clearly belong to the board to decide or to monitor according to board policy.
   
   B. Information that is for neither monitoring performance nor board decisions will be avoided or minimized and always noted as such.
   
   C. Deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point.

2. The President is empowered to chair board meetings with all the commonly accepted powers of that position, such as ruling and recognizing.

3. The President has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise or direct the Lead Minister.

4. The President may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.

5. The President may delegate this authority but remains accountable for its use.
4.5. Board Members' Code of Conduct

- The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

1. Members must demonstrate loyalty to the ownership, unconflicted by loyalties to staff, other organizations, or any personal interests as congregants.

2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
   - A. There will be no self-dealing or business by a member with the organization. Members will annually disclose their involvements with other organizations or with vendors and any associations that might be reasonably seen as representing a conflict of interest.
   - B. When the board is to decide on an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment not only from the vote but also from the deliberation and the room in which the deliberation takes place.
   - C. Board members will not use their board position to obtain employment in the organization for themselves, family members, or close associates. A board member who applies for employment must first resign from the board.

3. Board members may not attempt to exercise individual authority over the organization.
   - A. Members' interaction with the Lead Minister or with staff must recognize the lack of authority vested in individuals except when explicitly authorized by the board.
   - B. Members' interactions with the public, the press, or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
   - C. Except for participation in board deliberation about whether the Lead Minister has achieved any reasonable interpretation of board policy, members will not express individual judgments of performance of employees or the Lead Minister.

4. Members will respect the confidentiality appropriate to issues of a sensitive nature.

5. Members will be properly prepared for board deliberation.

6. Members will support the legitimacy and authority of the final determination of the board on any matter, irrespective of the member's personal position on the issue.
4.6. Board Committee Principles

- Board committees, when used, will be assigned so as to reinforce the wholeness of the board’s job and so as never to interfere with delegation from board to Lead Minister.

- Accordingly:

1. Board committees are to help the board do its job, not to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board’s broader focus, board committees will normally not have direct dealings with current staff operations.

2. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the Lead Minister.

3. Board committees cannot exercise authority over staff. Because the Lead Minister works for the full board, he or she will not be required to obtain the approval of a board committee before an executive action.

4. Board committees are to avoid overidentification with organizational parts rather than the whole. Therefore, a board committee that has helped the board create policy on some topic will not be used to monitor organizational performance on that same subject.

5. Committees will be used sparingly and ordinarily in an ad hoc capacity.

6. This policy applies to any group that is formed by board action, whether or not it is called a committee and regardless of whether the group includes board members. It does not apply to committees formed under the authority of the Lead Minister.
4.7. Governance Investment

- Because poor governance costs more than learning to govern well, the board will invest in its governance capacity.
- Accordingly:

1. Board skills, methods, and supports will be sufficient to ensure governing with excellence.
   A. Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.
   B. Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This may include, but is not limited to, financial audits.
   C. Outreach mechanisms will be used as needed to ensure the board’s ability to listen to owner viewpoints and values.

2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
   A. For leadership training, including Leadership School, UU University, district training opportunities and the like.
   B. For costs of monitoring, including external reviews and audits.
   C. For purchase of information and training materials: DVDs, webinars, books and printed materials.

3. The board will establish its cost of governance budget for the next fiscal year during the month of February.
V. Board Financial Policies

5.1 Board Gift Acceptance Policy

With respect to the acceptance of gifts and disposition of tangible property, the CVUUS Board shall not financially overburden CVUUS, jeopardize its nonprofit status, participate in legally risky or ineffective transactions, tarnish the organization’s image or reputation, overburden staff resources, or incur unsustainable stewardship obligations.

Accordingly, the Board shall not accept or dispose of any tangible property gift:

1. Without first assuring that adequate financial resources exist to sustain the gift in a manner that does not overstretch CVUUS resources.

2. That breach “private benefit” rules, that do not advance the mission of the organization, or that in any other manner violate IRS restrictions applicable to CVUUS as a nonprofit organization.

3. That expose CVUUS to significant legal risk.

4. That require the investment of staff time and effort that is not proportionate to the benefits received.

In addition, the Board may not:

- Disregard donor restrictions, or use funds for purposes other than designated by the donor.

Further, the board is responsible for approving tangible property gifts valued at over $5000, gifts of real property, and non-traditional investments as outlined below:

1. Tangible property gifts with a fair market value over $5000
   a. Such gifts must have an independent evaluation from a qualified appraiser and evidence of having met the reporting requirements for IRS Form 8283 (Non-cash Charitable Contributions Appraisal Summary) and any other applicable IRS regulations.
   b. Appraisals must be less than one year old.

2. Gifts of real property
   a. Gifts of real property may be accepted only after a review to ensure there is no violation of this gift acceptance policy as well as thorough review of the following:
      i. The usefulness of the property for fulfilling the CVUUS mission.
      ii. The marketability of the property.
      iii. The existence of restrictions, reservations, easements, and/or other limitations.
      iv. The existence of encumbrances, such as mortgages and mechanic’s liens.
v. Carrying costs, such as property owners’ association dues, taxes, insurance, and other maintenance expenses.

vi. Fair market value in relation to the costs and limits listed above as determined by a qualified appraisal conducted in accordance with IRS standards.

vii. An assessment of potential environmental risks.

3. Non-traditional Investments

a. Gifts of non-traditional investments may be accepted only after a review to ensure there is no violation of this gift acceptance policy as well as a thorough review of the following factors:

i. Marketability.

ii. Nature of any applicable restrictions.

iii. Legal and other liabilities associated with the asset.

iv. Carrying costs, such as administrative and legal fees.

v. Exposure to unrelated business income tax liability.
5.2 Board Endowment Policy

The purpose of CVUUS endowment funds is to ensure the long-term financial health of CVUUS, allowing the Society to maintain and expand its mission to its congregation, the broader community, and Planet Earth.

Endowment Funds

The CVUUS Board of Trustees is responsible for establishing endowment funds. There are three types of endowments:

1. **True Endowment:** Restricted for a specific use as stated by the donor in a written gift agreement or as solicited by the organization and agreed to by the donor.

2. **Board-Designated Funds or Quasi-Endowment:** Funds can be used for whatever purposes the board designates, such as operating reserves, building reserves, etc.

3. **Term or Special Purpose Endowment:** Funds are set aside for either a specific period of time or until a certain event (specific purpose) occurs.

See attached chart for a further description of Endowment Fund Types and Uses.

In general, CVUUS will only establish Board-Designated Funds or Term/Special Purpose Endowments.

**The Board hereby establishes the following funds:**

1. **Capital Reserve Fund.**

   **Rationale for establishing this fund:** Maintaining our facilities is crucial to CVUUS’s long-term financial stability. This endowment should provide funds for expected or unexpected major facilities expenses.

   **Purpose of this fund:** Funds will be used for the maintenance, repair, improvement, or replacement of capital assets. Capital assets include buildings; furniture and other interior furnishings; heating, electrical, plumbing, sound and other building systems; major appliances; office equipment; motor vehicles; and land and land improvements including parking areas; walkways and stairs; and plantings. Capital assets do not include supplies or items with retail value when new of less than $1,000.

   Withdrawals from the Capital Endowment Fund may be used only for the purposes described in the preceding paragraph. No withdrawals will be made that would put the total market value of the fund below $10,000.
2. General Endowment Fund:

Rationale for establishing this fund: A general endowment provides a financial cushion and should go toward expanding our mission and enabling new initiatives. At the same time, CVUUS should not become significantly dependent on an endowment for normal operating expenses. Finally, donors choosing to contribute additional funds, make bequests or provide other unrestricted gifts often wish to give to an organization’s general endowment fund and now they will have a way to do so.

Purpose of this fund: This fund may be used in support of any activities related to CVUUS’s mission, as deemed appropriate by the Board of Trustees. Unless justified by unusual circumstances, no more than 4% of the fund’s assets may be expended in a given year. Regardless of the size of the General Endowment Fund or the percentage withdrawal from the fund in a given year, no more than 3% of CVUUS’s normal annual operating budget may come from the General Endowment Fund except in an emergency situation, and then only with the explicit authorization of the CVUUS Board.

Future Endowment Funds

Special Purpose or Term Endowment Funds: At its own instigation or that of a donor, the Board may establish special purpose or term endowment funds. The Board or its designees will work with prospective donors on the terms and conditions of special-purpose funds. A new endowment may be established with a minimum donation of $25,000. In all cases, the establishment of a special purpose or term endowment fund will follow guidelines in the CVUUS Gift Acceptance Policy.

Any gift to a special endowment fund will contain the following clause or some substantially similar wording:

“If circumstances arise in future that make it illegal or impracticable to use this gift for the purpose specified above, then the Endowment Committee, with the concurrence of the Executive Committee, may submit a request for modification of this purpose to the CVUUS Board of Trustees. If, in the best judgment of the Trustees, such modification is deemed prudent, the Board may authorize the use of the Fund for the fulfillment of objectives as close as possible to the original purpose of the fund. In the event of such modification to a named endowment, the original name will continue to be associated with the fund.”

Reversion of Funds to the UUA

In the event of the dissolution of the Champlain Valley Unitarian Universalist Society, capital and general endowment funds will revert to the Unitarian Universalist Association. Special purpose funds will revert to the Unitarian Universalist Association unless an alternate recipient was designated at the time the fund was established.
5.3 Board Endowment Committee/Investment Policy

In keeping with the CVUUS by-laws, the fiduciary responsibility for the investments of the Society resides with the Board of Trustees. The Board will appoint an Endowment Committee to which the Board will grant management authority over CVUUS endowments.

With respect to reserves and endowments, the Endowment Committee may not manage funds with inappropriate return or risk objectives, or with inappropriate levels of liquidity.

Accordingly, the Endowment Committee may not:

1. Manage funds in a manner that is inconsistent with furthering the goals of long-term growth and preservation of capital.
2. Invest or hold operating capital in insecure instruments, including uninsured checking accounts, bonds of less than investment grade, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.
3. Manage funds inconsistent with the Board’s position that investment decisions will always be undertaken with consideration of the principles and values of CVUUS.
4. Invest funds with institutions or money managers that are not of a size, maturity, or level of stability appropriate to ensure board confidence.
5. Allow the co-mingling of funds without sufficient detail to maintain appropriate records of deposit, withdrawals, and current balances.
6. Disregard donor restrictions.
7. Manage restricted gifts that are of an inappropriate size (i.e., the gift is too small to warrant the record-keeping required).
8. Allow or authorize a single individual to have sole responsibility for CVUUS endowments.
9. Manage funds in any manner inconsistent with the conflict of interest policy.

Monitoring: The Endowment Committee will review performance of endowment funds quarterly with an annual report to the Board. Monitoring may occur more frequently if substantial new money is deposited into a fund, there are significant changes in the market, or the Board requests a report outside the routine schedule.