

Lutheran Services in America, Inc.

Board Standing Policies

Approved January 29, 2015

Table of Contents

Introduction	1
Chapter 1. Mission, Vision, Values	3
Mission	3
Vision	3
Values.....	3
Strategic Priorities	3
Chapter 2. Members	4
Classes of Members.....	4
Feedback from Members.....	4
Chapter 3. Board Governance	5
Philosophy of Governance and Board Responsibilities	5
Meetings and Meeting Protocols.....	6
Board Member Qualifications and Expectations.....	7
Officers of the Board.....	9
Committees and Task Forces of the Board.....	11
Theologian-in-Residence.....	13
Chapter 4. Board-Staff Relations	15
The Board Acts as a Whole	15
Delegation to the President.....	15
Specific Responsibilities of the President	16
Monitoring Executive Performance	19
Chapter 5. Finance	20
Financial Oversight	20
Financial Management	21
Chapter 6. Resource Development	23
Fundraising Policies and Practices	23
Other Resource Development Options and Limitations.....	23
Appendix	24
Board of Directors Conflict of Interest Statement Form	
Board of Directors Meeting Expense Reimbursement Form	

Introduction

1. These Board Standing Policies contain all of the standing, or ongoing, policies adopted by the Board of Directors of Lutheran Services in America, Inc. (LSA). They are intended to comprise an organic, evolving, helpful document that addresses the following purposes:
 - A. Efficiency in having **all** ongoing Board policies in one place.
 - B. Ability to quickly orient new Board members and staff to current policies.
 - C. Elimination of redundant or conflicting policies over time.
 - D. Ease of reviewing current policies when considering new issues.
 - E. Clarity of proactive policies to guide the President, staff, and Board.
 - F. Modeling an approach to governance that facilitates collaboration and synergy between the Board and the President.
 - G. Each policy is intended to be consistent with the Articles of Incorporation and Bylaws, which in any event have precedence over these Standing Policies.
2. Except for time-limited or procedural-only policies (e.g., approval of minutes, election of an officer, adoption of a budget, approval of reports, etc.), which are recorded in the regular Board minutes, all new standing policies should be incorporated in these LSA Board Standing Policies. Certain important policies drafted outside of this format may be referenced in these Standing Policies as attachments.
3. Any apparent conflict in interpretation between any of these LSA Board Standing Policies and previously adopted Board policies will be resolved by the President, Chairperson of the Board, or the Board, depending on the nature of the policy. If any actual discrepancy is found to exist between any of these Standing Policies and any policies adopted in previous meetings, these Standing Policies generally will prevail.
4. These LSA Board Standing Policies are always under review and will be refined at the first Board meeting of the year. Any member of the Board or the President may propose additions or amendments to these Standing Policies, and specified standing committees will review them at least yearly. When proposed, amendments or additions usually shall be referred to the appropriate Board committee for recommendation before presentation to the full Board for adoption. All amendments or additions to these Standing Policies must be approved by the Board. Whenever amendments are adopted, the Secretary shall ensure that a new version of these Standing Policies will be prepared and made available to the Board and staff.
5. The chapters, the committees primarily responsible for drafting and reviewing those chapters, and the individuals given authority to interpret and make decisions within the scope of those policies are as follows:

Chapter	Draft/Oversight Committee	Implement Policies
1. Mission, Vision, Values, and Strategic Priorities	Board of Directors	President
2. Members	Governance Committee	Chairperson and President
3. Board Governance	Governance Committee	Chairperson
4. Board-Staff Relations	Governance Committee	Chairperson and President
5. Finance	Finance Committee	Chairperson and President
6. Resource Development	Board of Directors	Chairperson and President

6. The President is accountable for developing all other organizational policies and procedures consistent with these Standing Policies.

Chapter 1. Mission, Vision, Values, and Strategic Priorities

This initial chapter in the Board Standing Policies clarifies the mission, vision, values, and strategic priorities of Lutheran Services in America.

1. Mission

LSA champions Lutheran social ministry by building valuable connections, amplifying our voices, and empowering our members in their mission to answer God's call to love and serve our neighbor.

2. Vision

LSA envisions a network of connected, strong, and thriving Lutheran social ministries that transform the lives of people and communities.

3. Core Values

Guided by God's call to love and serve our neighbors:

- A. We are committed to the power of faith, fellowship and collaboration.
- B. We honor all with dignity and respect, recognizing the diversity of people, communities and ideas.
- C. We pursue innovative solutions to complex problems facing members and society.
- D. We are responsible stewards of resources and relationships.

4. Strategic Priorities

Given its mission, vision, and core values, the strategic priorities of LSA are to:

- A. Bring people, resources, and expertise together to help our members innovate, transform, and thrive.
- B. Be a recognized, visible, and effective network and voice for Lutheran Social Ministry.
- C. Foster, strengthen, and expand faith-based connections within the LSA membership and with the church and church-related organizations.
- D. Create and implement a sustainable business model so that LSA can achieve its transformative mission and vision.

Chapter 2. Members

LSA is an organization wholly owned by its Members, which are also the primary direct beneficiaries of all LSA's activities. The Members of LSA are the Evangelical Lutheran Church in America (ELCA), The Lutheran Church—Missouri Synod (LCMS), and their affiliated and/or recognized social ministry organizations, which have consented to membership. The Board represents the Members as the Owners of Lutheran Services in America. As the Owners of LSA, the Members have the authority to determine the organization's values and strategic directions, and to ensure that the organization is being operated to achieve the purposes stated by the Members. The Members have delegated that authority, subject to constraints identified in LSA's Bylaws, to the Board.

1. Classes of Members

At its 2014 Annual Meeting, the Members of LSA approved a change to the organization's Bylaws creating an additional class of membership. The new class, "Associate Member" (described in Article IX, LSA Bylaws) differs significantly from the pre-existing classes of Members. Associate Members are not Owners of LSA, and thus do not possess the governance rights of Class A and Class B Members. Nonetheless, LSA extends to Associate Members benefits as described in Article IX, LSA Bylaws.

- A. Members (Article II, LSA Bylaws)
 - 1. Class A: Social Ministry Organizations
 - 2. Class B: Church Bodies

- B. Associate Members (Article IX, LSA Bylaws). Associate Members are not represented as Class A Board members on the LSA Board, nor do they vote for LSA Board members.

2. Feedback from Members

- A. The Board shall provide regular opportunities to solicit feedback from Class A Members through: electronic surveys, discussions at scheduled events, and individual conversations.

- B. The Board shall provide regular opportunities to receive feedback from Class B Members through: conversations and reports from church body representatives at Board meetings; connections to the ELCA Conference of Bishops and Congregational and Synodical Mission unit, and the LCMS Council of Presidents and Office of National Mission.

- C. The Board shall provide regular opportunities to solicit feedback from Associate Members through: electronic surveys, discussion at scheduled events, and individual conversations.

- D. The Board shall make available the audited financial reports to Members and Associate Members.

Chapter 3. Board Governance

LSA shall be governed by a Board of Directors in accordance with its Articles of Incorporation and Bylaws. In fulfilling its governance responsibilities, the Board recognizes that LSA is a membership organization and that Members have two roles: Members are both owners and beneficiaries of LSA. The role of governance in LSA is to serve and support the ministries of its Members.

1. Philosophy of Governance and Board Responsibilities

The Board exercises fiduciary, strategic, and generative responsibilities to govern LSA and to ensure that the organization is operating consistent with its Articles of Incorporation, Bylaws, and adopted policies.¹ In doing so, the Board recognizes the importance of focusing on strategic leadership instead of administrative detail, distinguishing the oversight responsibilities of the Board from the management responsibilities of the President and the staff. In all its efforts, the Board is committed to addressing issues in an open and proactive manner, encouraging diversity of viewpoints, and enhancing organizational effectiveness. Moreover, each Board member will strive to enhance the image of the organization, both among members as well as the public, and provide financial and other support to the organization.

In recognition of these responsibilities and this philosophy, members of the Board understand that it acts collectively and exercises its authority as a whole and that Board decisions, once made, deserve the support of all members. No individual Board member may exercise authority within or on behalf of the organization, except as instructed by the Board. Further, Board members understand the importance of maintaining confidentiality of information provided in Board meetings unless authorized for public discussion.

In fulfilling its responsibilities and LSA's philosophy of governance, the Board shall:

- A. Evaluate all proposed actions in light of the organization's mission, vision, core values, and strategic priorities.
- B. Ensure compliance with the Articles of Incorporation, Bylaws, relevant statutes and regulations, and adopted policies.
- C. Establish, review, and periodically update these Standing Policies and other policies of the organization.
- D. Provide connections with the organization's Members.
- E. Select, support, and evaluate the President.
- F. Ensure the financial solvency and viability of the organization, including recommending an annual budget and dues structure for adoption by the Members, formulating and monitoring investment strategies, as appropriate, including the selection

¹ The three modes of governance – fiduciary, strategic, and generative – are based upon and described in *Governance as Leadership: Reframing the Work of Nonprofit Boards* by Richard P. Chait, William P. Ryan, and Barbara E. Taylor (2005).

of an investment advisor, and approving financial institutions, accounts, or depositories as required.

G. Oversee periodic external audits and provide audited financial reports to Members.

H. Serve as an ambassador of LSA to Member organizations and the public.

I. Solicit periodic feedback from Class A Members, Class B Members, and Associate Members.

2. Meetings and Meeting Protocols

A. Types of meetings and scheduling

Regular meetings of the Board shall take place at such times and places as may be determined by the Board. Ordinarily, regular meetings will be scheduled at least one year in advance at times and places determined by the President and the Chairperson. One regular meeting will be scheduled to take place in conjunction with the LSA Annual Conference and meeting of Members, if one is held. In accordance with the LSA Bylaws, special meetings may be called at any time by the Chairperson or by a majority vote of the Board. In the event of scheduling issues, the President and Chairperson will determine the time and place of special meetings.

B. Annual calendar

The Board shall establish an annual calendar to coordinate major discussion topics, Board activities, the regular review of these Standing Policies, and such other matters that are consistent with its fiduciary responsibilities. The Board will make every effort to coordinate the calendar with the business cycles of its own work.

C. Agenda

Consistent with the annual calendar, the President and the Chairperson shall prepare the agenda specifying the order of business and other matters to be addressed at all Board meetings. The proposed agenda will be distributed to Board members for information and planning purposes no less than seven (7) days before the scheduled meeting. Board members may request that matters not on the agenda be considered by the Board.

The Board may use a consent agenda to address routine or noncontroversial matters. Any Board member may remove any matter on the consent agenda in order to allow Board discussion of it.

D. Types of Board Sessions

There are three types of sessions at Board meetings: open, closed, and executive.

1. Open: Open sessions allow Board members, the President, and others to attend by invitation.
2. Closed: Closed sessions are confidential and allow Board members, the President, and those invited to be in attendance. The minutes will reflect that a closed session took place, but there shall be no reporting of such sessions, except actions taken.
3. Executive: Executive Sessions are confidential and allow only Board members and those invited to be in attendance. The minutes will reflect that an executive session took place, but there shall be no reporting of such sessions. No actions may be taken in executive session; their purpose is Board discussion only.

E. Minutes protocols

The purpose of minutes is to accurately record the actions of the Board and to provide the official legal record of Board proceedings. As such, minutes record what is done at a meeting — either by formal vote or by consensus -- and not what is said by Board members. At the Secretary's discretion, the minutes may reflect subjects of discussion and their context. Unless requested, vote totals will not be included in the minutes; negative votes and abstentions will be recorded upon the request of a member. When applicable, minutes will be cross-referenced to the agenda. When there is no written management report, highlights of the verbal report will be included in the minutes. All supporting documents will be maintained in the archives.

F. Self-review

As part of its work, the Board will regularly engage in self-evaluation. This will include a self-appraisal at each meeting, which will include both an evaluation of the Board's substantive work in light of its responsibilities and the process of decision-making. In addition, the Governance Committee will periodically facilitate the self-evaluation of individual Board members. The results of the self-evaluation will be monitored by the Governance Committee.

3. Board Member Qualifications and Expectations

A. Nominations Process

The Board will work diligently to solicit the nominations of talented, diverse individuals who meet the criteria established in the Bylaws and are committed to the ministry of LSA. In addition to bylaw requirements, the Board will take into account the skills and expertise of existing members and those desired for new Board members. Each nominee will be given the Articles of Incorporation, Bylaws, these Standing Policies, and provided an

adequate briefing by the President and/or another director as soon as reasonably possible following nomination.

B. Code of Conduct for Board Members

Board members have responsibilities to LSA, as well as responsibilities to Members, employees of the organization, and to one another. As such, they acknowledge and agree to be bound by the following code of conduct, and they shall:

- Be a member of a community of faith.
- Prepare for, attend, and actively participate in Board and committee meetings.
- Exercise their discretion and best judgment in making informed decisions, following open and full discussion.
- Commit to support the actions of the Board once decisions are made.
- Become and remain familiar with the Articles of Incorporation, the Bylaws, these Standing Policies, and other relevant documents relating to governance of LSA.
- Bring to the Board issues for discussion and action.
- Demonstrate their commitment to the mission and vision of LSA by serving as dedicated advocates for the organization.
- Be open to accepting additional assignments as requested by the Board or the Chairperson. (Such assignments may include becoming a member of an additional committee, making presentation about LSA, participating in donor events, or assisting in other efforts as identified by the President or Board Chairperson.)
- Serve as an ambassador for LSA and its ministries and demonstrate a willingness to engage in community outreach to expand and strengthen the LSA network. (This support may also include making use of a particular area of expertise, skill set, or network of contacts for LSA.)
- Make LSA a personal giving priority.
- Identify and recruit others to support LSA with their resources and talents.
- Support and participate in future Board member development and recruitment efforts.
- Show respect for others and their opinions and respect the right of others to disagree.
- Avoid publicly disclosing or attributing to individual Board members comments made during Board meetings.
- Preserve confidentiality of Board discussions.

C. Related Policies

1. Conflicts of Interest

In accordance with Article XV of the LSA Bylaws, Board members have an obligation to identify any possible conflict of interest on at least an annual basis. This will be accomplished by completion of an annual conflict of interest statement form. In addition, if an undisclosed actual or potential conflict of interest is perceived, the Board member shall disclose the matter to the Executive Committee, which shall address the matter and report to the full Board, if appropriate.

Board members shall not accept any gifts or favors of a value greater than \$100 from any organization doing or seeking business with LSA.

2. Expense Reimbursement

LSA will reimburse Board members for travel and other expenses related to Board, committee, and task force meetings. When Board meetings are scheduled in conjunction with LSA Annual Conferences, LSA will reimburse Board members for registration and expenses related to conference attendance.

4. **Officers of the Board**

In accordance with Article VIII, Section A of the LSA Bylaws, the officers of the organization are the Chairperson, a Vice Chairperson, a Secretary, and a Treasurer, all of whom shall be directors and the President who shall not be a member of the Board. The Board also may designate other officers, who may or may not be members of the Board. No director may serve more than two consecutive one-year terms in the office to which elected.

A. Qualifications and Responsibilities of Officers

1. Chairperson

In accordance with Article VIII, Section F of the LSA Bylaws, the Chairperson shall be a Class A director, shall preside over all meetings of the Board and the Annual Meeting of Members, and shall lead the Board, ensuring the integrity of its actions and compliance with applicable law, the Bylaws, and these Standing Policies. In fulfilling these responsibilities, the Chairperson shall:

- Interpret and ensure the implementation of policies adopted by the Board to govern its conduct.
- Prepare and disseminate the schedule for Board and Annual Meetings in collaboration with the President.
- Call special meetings of Members and of the Board as required in the Bylaws.
- Prepare the agenda for Board meetings in collaboration with the President.

- Call as required and chair meetings of the Executive Committee. The agenda for Executive Committee meetings will be prepared by the Chairperson in collaboration with the President.
- Maintain an open, proactive, and forthright communication pattern with the President to facilitate the coordination of activities between the Board and the organization.

2. Vice Chairperson

In accordance with Article VIII, Section G of the LSA Bylaws, the Vice Chairperson shall be a Class A director and shall preside at all Board meetings and meetings of Members in the absence of the Chairperson.

3. Secretary

In accordance with Article VIII, Section H of the LSA Bylaws, the Secretary shall be a Class B director, shall be the custodian of the books and records of the organization, and shall ensure that they are maintained in compliance with the law and the applicable policies. In addition, the Secretary shall ensure that the actions of the Board are appropriately documented, that minutes are maintained in accordance with policies, and that appropriate notices are provided to Board and Member meetings.

4. Treasurer

In accordance with Article VIII, Section I of the LSA Bylaws, the Treasurer shall be a Class B director and shall monitor the conduct of fiscal operations of the organization. In fulfilling these responsibilities, the Treasurer shall:

- Ensure that LSA funds and securities are deposited in such financial institutions, accounts, or depositories as are approved by the Board.
- Authorize signers on financial accounts and documents.
- Submit a written report to the membership at the Annual Meeting and report to the Board any developments affecting the financial condition of the organization.

B. Nomination and Election of Officers

The Chairperson, in consultation with the Executive Committee, shall appoint an Officer Nomination Committee of Class A and Class B Board members to identify a slate of potential officers for consideration by the Board in the officer election process. The election process for officers and the process for filling vacancies, if they occur, shall be as prescribed in Article VIII of the LSA Bylaws.

5. Committees and Task Forces of the Board

The Board may, from time to time, establish committees and task forces to facilitate its work. The scope and authority of such committees and task forces and their composition shall be established by the Board consistent with these policies. To the extent practical, committees and task forces shall include representatives of each class of members.

A. Standing Committees

1. Executive Committee.

The elected officers of the Board and the President shall constitute the Executive Committee. The Executive Committee may act on behalf of the Board in all matters delegated to it by specific action or by policy of the Board. Actions taken by the Executive Committee shall be reported in writing to the Board no later than the next meeting of the Board.

Matters delegated to the Executive Committee include:

- Urgent legal issues that arise between scheduled meetings of the Board.
- Urgent financial issues that arise between scheduled meetings of the Board.
- Adopting and updating at least every three years a compensation plan with the support of an external consultant, based on peer group benchmarking and LSA policies.
- Reviewing these Standing Policies and making recommendations for amendment to the full Board, as appropriate.

In addition to these responsibilities, the Executive Committee also has specific responsibilities with respect to the President. These include:

- Addressing urgent personnel issues that relate to the President.
- Establishing personnel policies and procedures governing the President through an employment agreement.
- Monitoring the performance of the President and providing input to the Board in the periodic evaluation of the President.
- Establishing and implementing a compensation plan for the President.
- Assisting and providing support to the President as requested in fulfilling her/his responsibilities.

In establishing and implementing a compensation plan for the President, the Executive Committee shall seek to implement the following principles:

- Compensation for any year will be based on performance in the prior year and shall be fair in relation to performance.
- Compensation may be a combination of cash base salary, benefits, and variable compensation.
- Compensation must allow for competitive salaries for other LSA employees.

- Compensation will take into account CEO salaries of national voluntary health and human services organizations and larger LSA member organizations.
- Compensation will take into account the aspiration of LSA to have an exceptional President within the median range of the “peer group.”

2. Governance Committee

The Chairperson, in consultation with the Executive Committee, shall annually appoint a Governance Committee to address the identification and nomination of prospective Board members, as well as governance issues, including the evaluation and training of Board members and the review and revision of the policies of the Board. The Governance Committee shall include the Vice Chairperson.

With respect to Governance Committee responsibilities related to identification and nomination of Board members, the Chairperson, in consultation with the Executive Committee, shall appoint non-Board Class A CEOs to serve on the Committee for that limited purpose. The Committee’s responsibilities include:

- Identifying a slate of nominees for the Board who are CEOs of Class A member organizations to be presented for election at the Annual Meeting of the Membership.
- Identifying a slate of nominees for the Board for election to Class C Board positions.
- Identifying particular skills, expertise, and perspectives needed by the Board and providing them to the ELCA and the LCMS for consideration in their appointment of Class B Board members.

Non-Board Class A CEOs serving on the Governance Committee shall not be eligible for nomination to the Board.

With respect to Governance Committee responsibilities related to issues other than nomination, non-Board Class A CEOs shall not participate. These other responsibilities include:

- Reviewing Board policies and making recommendations for their revision to the Board.
- Reviewing the process for Board self-evaluation and the results of the evaluation following each meeting and making recommendations to the Board as appropriate based upon the meeting evaluations.
- Planning for and conducting training for new Board members.
- Evaluation of the performance of current Board members and providing feedback as appropriate to them.
- Reviewing these Standing Policies at least yearly and making recommendations for amendment to the full Board, as appropriate.

3. Audit Committee

The Chairperson, in consultation with the Executive Committee, shall annually appoint an Audit Committee consisting of three members of the Board and up to two additional non-Board members. In order to assure separation of functions, the Treasurer shall not be a member of the Audit Committee. Members of the Audit Committee shall possess appropriate knowledge of financial and audit processes. The responsibilities of the Audit Committee shall include:

- Recommending independent auditors to the Board.
- Overseeing the independent auditors as they conduct an examination of financial statements and reviewing the results of the audit, apart from LSA staff.
- Reviewing the compliance of the President with the recommendations of the independent auditors.
- Communicating to the Board the results of the audit, recommending its approval as appropriate, and recommending changes in practice or governance as appropriate based upon the results of the audit and/or external regulatory trends.
- Reviewing the processes for complaints regarding accounting practices and other internal controls, including LSA's system for anonymous reporting of internal ethics complaints.

4. Finance Committee

The Chairperson, in consultation with the Executive Committee, shall annually appoint a Finance Committee. The Finance Committee shall include the Treasurer, who will serve as its chair. The Finance Committee shall provide assistance as requested by the President in the preparation of the budget, be responsible for making recommendations to the Board regarding selecting and evaluation of an investment advisor, and oversee and make recommendations to the Board on training and continuing education to enhance the financial literacy of Board members. Additionally, the Finance Committee shall review these Standing Policies at least yearly and make recommendations for amendment to the full Board, as appropriate.

B. Ad Hoc Committees and Task Forces

The Board or the Chairperson, in consultation with the Executive Committee, may determine the need for an ad hoc committee or task force to fulfill a specific organizational need in the furtherance of LSA's vision. The responsibilities and composition of such an ad hoc committee or task force shall be specifically described in writing, and it shall report from time to time, as necessary, to the Board.

6. Theologian-in-Residence

The Board shall annually appoint a Theologian-in-Residence. The Theologian-in-Residence may serve up to three consecutive years. In appointing the Theologian-in-Residence, the Board shall alternate between a theologian from the ELCA and a theologian from the LCMS. The responsibilities of the Theologian-in-Residence shall include:

- Teaching the Board by connecting the themes in the meeting agenda to Lutheran theological insights through prepared presentations at the beginning of each session in addition to the practice of having members of the Board provide opening devotions on a rotating basis at each meeting.
- Helping the Board to be guided and directed by God by offering prayer at appropriate times.
- Encouraging the Board to think and act faithfully by reflecting theologically on both the Board meeting context and interactions at the close of each session.
- Energizing and inspiring the Board, encouraging it to think and act boldly and to stay focused on its wider mission.
- Serving as a pastor to the Board.
- Respecting the inter-Lutheran nature of the work of LSA.

In preparing for meetings, the President will confer with the Theologian-in-Residence regarding the meeting agenda and issues that the Board is expected to address.

LSA shall provide an honorarium as well as travel expenses to the Theologian-in-Residence for each meeting.

88

Chapter 4. Board-Staff Relations

For Board and staff alike, all activities shall be legal, moral and prudent, and shall strive to embody the highest standards of ethical responsibility. The Board provides clearly defined boundaries on executive conduct to ensure that LSA operates consistently with the values and limits expressed above. This approach allows the LSA President and staff to act with creativity and initiative, without needing to await advance Board approval for each action.

1. The Board Acts as a Whole

In its interactions with the President and staff of LSA, the Board acts as a whole. Only decisions of the Board acting as a body, through procedures defined in Chapter 3 of these Standing Policies, are binding on the President.

- A. Decisions or instructions of individual Board members, officers, or committees are not binding on the President, except in rare instances when the Board has specifically authorized that exercise of authority.
- B. In the case of Board members or committees that request information or assistance without Board authorization, the President has the discretion to refuse any request that may be disruptive or impose a significant burden on staff resources.

2. Delegation to the President

The Board's job is generally confined to establishing the broadest policies, while the implementation and subsidiary policy development are delegated to LSA's President. With respect to ends and executive means, the President is authorized to establish all further policies, make decisions, take actions, and develop activities consistent with applicable law and reasonable interpretation of the Bylaws and these Standing Policies.

A. General Scope and Limitation of Delegated Authority

The President is empowered to take all actions and make all administrative decisions that are deemed necessary to attain organizational results, except those that involve:

- 1. Violation of law, applicable regulations, orders of courts, or commonly accepted business and professional ethics; and
 - 2. Violation of specific further constraints expressly or impliedly stated in these Standing Policies.
- B. Except for assignments of its own work to committees, consultants or officers, the Board shall delegate authority only to the President. Any other subordinate party operating with the authority of LSA shall receive that authority from the President.

3. Specific Responsibilities of the President

A. Performance Areas

As the Board's official point of connection with LSA, the President's role as Chief Executive Officer includes performance in two areas: 1) organizational adherence to these Standing Policies and 2) organizational performance within the boundaries of prudence and ethics established by the Board.

B. Minimum Responsibility of the President

The President shall act at all times, when representing the organization, in a manner that is ethical, prudent and that is consistent with its governing documents. The President shall not cause LSA to act in ways that are not transparent or accountable or that do not comply with applicable federal, state, and local law, including those related to fundraising, licensing, financial accountability, document retention and destruction, human resources, lobbying, and political advocacy and taxation.

C. Communication and Counsel to the Board

With respect to providing information and counsel to the Board, the President shall keep the Board informed about matters essential to carrying out its policy duties. Accordingly, the President shall:

1. Keep the Board aware of progress on strategies, relevant trends, achievement of goals, anticipated adverse media coverage, and material external and internal changes, in particular changes in the assumptions upon which any Board policy has previously been established.
2. As further specified in Chapter 5, provide the Board with timely and accurate financial information about LSA and the economic environment in which it is operating.
3. Seek as many staff and external points of view and options as needed, including input from advisors, for fully informed Board recommendations.
4. Inform the Board promptly of any litigation adverse to LSA, as well as any litigation that LSA intends to commence.
5. Present information in clear and simple terms.
6. Relate to the Board as a whole except for (a) fulfilling reasonable individual requests for information or (b) responding to officers or committees duly charged by the Board.
7. Report actual or anticipated material noncompliance with any Board policy as soon as that is known.

D. Planning

In setting the direction and action plans for LSA, the President shall:

1. Develop a multi-year strategic directions plan that responds to changes in the environment.
2. Review plans yearly and make recommendations for appropriate changes and new initiatives.
3. Ensure that the financial impact of any plan is fully considered.
4. Plan for LSA's future organizational capacity.

E. Human Resources

In relating to employees of LSA, the President shall:

1. Establish human resource policies that clarify expectations and rules for staff performance, protect against wrongful conditions, provide for effective handling of grievances, and support effective operations.
2. Ensure that LSA's policies and practices comply with local, state, and federal law or regulations regarding the fair and equitable treatment of employees.
3. Ensure that employees have an adequate position description, understand their duties and responsibilities, and are informed of LSA's human resource policies.
4. Implement Conflict of Interest policies and procedures with staff.
5. Institute a confidential means to report financial impropriety, misuse of organizational resources, or violation of applicable federal, state or local laws, and prohibit retaliation against persons reporting improprieties.
6. Ensure that LSA has a contingency plan, in the case that the President can no longer serve, and share that plan with the Chairperson.

F. Public Policy Advocacy

With respect to public policy advocacy, the President shall:

1. Keep LSA members informed on major national issues which impact their services.
2. Ensure that LSA does not purport to speak for either the ELCA or the LCMS in public policy advocacy; instead LSA shall speak only for LSA.

3. Ensure that public policy work reflects the interests of the people and communities served by LSA members and the ability of LSA members to serve them.
4. Regularly and timely report to the Board all governmental-focused activity.

G. Communication to and Coordination with the Church Bodies

The President should keep the ELCA and the LCMS informed about LSA's plans and actions. In particular, the President shall:

1. Share the plans and activities of LSA with the Executive Directors of the relative Lutheran church body units regarding areas of mutual interest.
2. Take reasonable steps to include Class A members and Class B members from both the ELCA and the LCMS on all major new initiatives, task forces, and committees.
3. Identify and actively seek ways to promote collaboration between LSA and the Lutheran church bodies.
4. When a worship service is desired in conjunction with the Annual Conference, invite both an ELCA and LCMS congregation to provide that worship service, according to its tradition.
5. Report to the Board (for its action as it deems appropriate) all significant issues raised by the Lutheran church bodies with LSA.

H. The President's Personal Conduct

1. The President shall maintain active membership in good standing with a congregation that belongs to one of the Lutheran church bodies.
2. The President shall identify all conflicts of interest and resolve any that are unacceptable. Therefore,
 - a) The President shall inform the Board of all potential conflicts of interest. This disclosure shall include membership on, a substantial financial interest in, or employment of the President and or a relative of the President by any organization doing business with LSA.
 - b) The President shall not accept any gifts or favors of a value greater than \$100 from any organization doing or seeking business with LSA.
 - c) The President shall not enter into activities which may be detrimental to LSA or its member organizations.

- d) The President shall have a plan to resolve all unacceptable conflicts of interest.

4. Monitoring Executive Performance

A. Executive Reporting to the Board

In addition to reports the President may choose to make to the Board, or other formal reports that the Board or Executive Committee may make, he or she will provide these specific reports for the use of the Board:

1. At each Board meeting:
 - a) YTD summary financial information
 - b) Report on any pending legal actions
 - c) Requests for authorization of non-salary related expenditures in excess of \$100,000.
2. Annually:
 - a) Budget for the coming year
 - b) Financial review of the year just completed
 - c) Independent Audit Report
 - d) IRS Form 990
 - e) Strategic Plan
 - f) Investments and pension report
 - g) Annual accomplishment of objectives
 - h) Review of Board Standing Policies.

B. Basis for Executive Evaluation and Accountability

Evaluation of the President, as set forth in Chapter 3, will be based on achievement of organizational goals and any other specific goals the Board adopts for the President, as well as the President's own written self-evaluation. Any specific goals for the President in the year ahead will be determined at that time.

Chapter 5. Finance

The following policies are intended to guide the Board in its governance of the financial operations of LSA. When the policy indicates that it is the Board's responsibility “to ascertain that,” it is assumed that the Board will, from time to time, request that the President provide appropriate evidence to the Board that the organization is in compliance with the policy.

1. Financial Oversight – The Board’s Responsibilities

A. Annual Budget

The Board shall determine that an annual budget exists for the coming year that is in keeping with the mission, vision, values, and strategic priorities of the organization and that projects a break-even or positive cash flow by the end of the year after accounting for the use of any prior year excess funds. As provided in Chapter 3, the Finance Committee shall provide advice to the President, as requested, in development of the budget.

B. Budget Management

The Board shall receive periodic reports during the year of the actual income and expenditures compared to budget, and forecasts of projected actual income and expenditures compared to the annual budget.

C. Annual Audit and Management Report

The Board shall select and approve a reputable independent CPA firm with adequate capacity to audit the financial statements of the organization in accordance with Generally Accepted Auditing Standards (GAAS) and experience with not-for-profit organizations and experience in applicable government requirements. The Audit Committee shall meet at least annually with the external auditors to review financial statements and management letter comments.

D. Investment Advisor

On the recommendation of the Finance Committee, the Board shall select an Investment Advisor, who will guide the formulation of specific investment strategies for funds invested for greater than four years. The Board shall ensure that any selected Investment Advisor is licensed and bonded.

E. Financial Integrity

The Board shall ascertain that LSA demonstrates the highest standard of integrity in all of its financial operations. The Board shall select and approve appropriate financial institutions, accounts, and depositories and affirm the selections annually.

F. Conflict of Interest

The Board shall ascertain that a conflict of interest policy is in place and being complied with that covers all LSA Board members and employees.

2. Financial Management – The President’s Responsibilities

- A. The President shall ensure that LSA complies with generally accepted accounting principles, as well as applicable federal, state, or local laws.
- B. The President shall maintain adequate insurance coverage for LSA.
- C. The President shall provide a Statement of Financial Position, a Statement of Activities (including information on the budget-to-date), and a Statement of Cash Flow (which provides sufficient detail to explain LSA’s financial activity, in relation to the budget-to-date) to the Board at each meeting.
- D. The President shall maintain unrestricted cash reserves or investments of at least one half of the previous year’s annual operating budget, excluding any expenses for projects funded from temporarily restricted accounts.
- E. The President shall provide to the Board annually a statement of the investment income realized, types of instruments employed, the investment advisors or services, and the criteria used in making investments and dealing with investment advisors, services and custodians.
- F. The President shall invest LSA’s funds in accordance with the Board approved investment policies as follows:
 - 1. Funds needed for operations within six months will be invested in demand accounts.
 - 2. Funds which may be needed for operations in six to twelve months will be invested in Treasury instruments or certificates of deposit.
 - 3. Board mandated reserve funds or funds invested for twelve to 24 months will be invested in investment grade short-term fixed income instruments.
 - 4. Board mandated reserve funds invested for 24 to 48 months will be invested in investment grade intermediate-term fixed income instruments.
 - 5. Endowment funds or funds invested for greater than four years will be invested at 30% fixed income instruments and 70% equities.
- G. The President shall only enter into the following transactions with the express authorization of the Board:
 - 1. The purchase or sale of real property.

2. Any unbudgeted annual aggregate capital purchases in excess of 5% of LSA's annual budgeted revenue.
 3. Debt of the organization in any amount greater than can be paid back by certain unencumbered revenue within 90 days.
 4. Any contract or lease agreement with an annual obligation in excess of \$100,000.
- H. Prior to the beginning of every fiscal year, the President shall submit an annual budget, including the dues structure, for Church Body, Board, and Membership approval. The annual budget shall contain adequate detail to enable reasonably accurate projection of operating income and expenses, include separate capital and operational items, and identify the assumptions regarding personnel, return on investments, and Member dues.
- I. The President shall report to the Board deviations from the budget in excess of 5% of the total adopted budget. The President shall inform the Board of new unbudgeted projects that exceed 10% of the total adopted budget.
- J. The President shall maintain written accounting and financial procedures that address matters of internal controls and good practice sufficient to meet the standards of the Board-appointed auditor.

Chapter 6. Resource Development

Building a culture of philanthropy at LSA is an important ingredient to successful resource development. It is the responsibility of the Board to facilitate building a culture of philanthropy and to establish policies that enhance fund development. It is the responsibility of the President to implement the policies of the Board and to promote a culture of philanthropy within the organization, among Members and staff, and in dealings with the community.

1. Fundraising Policies and Practices

The President shall propose and the Board shall adopt a fundraising strategy and guidelines, at least yearly. The President shall ensure that LSA operates consistent with its fundraising strategy and in accordance with approved fundraising guidelines.

In developing and implementing a fundraising strategy and guidelines, the Board and the President shall recognize and be respectful of fundraising efforts of Member organizations and by the Church Bodies concerning efforts directed at their respective congregations, congregation groups, and congregation members.

In developing and implementing its fundraising strategy and guidelines, LSA through its communications and practices shall strive to provide messaging and materials that:

- A. Are consistent with LSA mission, vision, and values.
- B. Are truthful, accurate, and not misleading.
- C. Create realistic expectations among donors as to how their contributions will be used.
- D. Demonstrate good stewardship in the use of resources.

2. Other Resource Development Options and Limitations

In developing and implementing LSA's fundraising strategy and guidelines, the following limitations shall apply:

- A. LSA shall not accept donations that would compromise its policies or reputation.
- B. LSA shall not accept donations in cash or in kind where there is a substantial difference between the applicable donor intent and that of LSA.
- C. LSA shall clarify and honor donor intent in use of contributed funds and make appropriate provisions for donor privacy.

The President and members of the LSA staff shall not accept any gifts or favors of a value greater than \$100 from any organization doing or seeking to do business with LSA.

Appendix



**BOARD OF DIRECTORS MEETING
Conflict of Interest Statement**

BOARD OF DIRECTORS CONFLICT OF INTEREST STATEMENT

In accordance with good principles for governance and ethical practices, this statement will be supplied to the independent and qualified audit firm conducting the annual review of the financial transactions of Lutheran Services of America and will be retained in accordance with the document retention policy for the records and materials of the Board of Directors of Lutheran Services in America.

I certify that I have read and am familiar with the Lutheran Services in America Bylaw and policy statements on Conflict of Interest.

I further certify that, except as described below, I do not presently have a conflict of interest which requires disclosure.

I further certify that, except as described below, I am not presently aware of any potential conflict which requires disclosure, and that I will promptly amend this statement if I become aware of any actual or potential conflict.

PLEASE DESCRIBE ANY EXCEPTION WHICH REQUIRES DISCLOSURE. IF NOT, PLEASE WRITE "NONE."

Name (Please print.)

Note Class A, B, or C Director

Signature

Date

LSA Bylaws on Conflict of Interest

Taken from LSA Bylaws, Article XIV.

“Any possible conflict of interest on the part of a director shall be disclosed to the Board of Directors on an annual or more frequent basis. When any such conflict of interest becomes a matter for action by the Board of Director, such director(s) with a conflict of interest shall not vote on the matter. The director(s) with a conflict of interest may, however, briefly state a position on the matter and answer pertinent questions asked by other directors. The minutes of all actions taken on such matters shall clearly reflect that the requirements of this Article have been met. “

LSA Board Standing Policies on Conflict of Interest

Adopted on January 29, 2015

Taken from Board Standing Policies, Chapter 3. Board Governance

In accordance with Article XV of the LSA Bylaws, Board members have an obligation to identify any possible conflict of interest on at least an annual basis. This will be accomplished by completion of an annual conflict of interest statement form. In addition, if an undisclosed actual or potential conflict of interest is perceived, the Board member shall disclose the matter to the Executive Committee, which shall address the matter and report to the full Board, if appropriate.

Board members shall not accept any gifts or favors of a value greater than \$100 from any organization doing or seeking business with LSA.

BOARD OF DIRECTORS MEETING EXPENSE REIMBURSEMENT FORM (CY2015)



Lutheran Services in America
100 Maryland Avenue, NE, Suite 500
Washington, DC 20002

Please return this Reimbursement Form with the notation: Attention: LSA Board of Directors Expense Reimbursement

Traveler's Name _____ Dates of Travel ___/___/___ to ___/___/___
 Purpose of Trip(s) _____ Destination(s) _____
 Please make check payable to _____
 Street Address _____
 City/State _____ Zip _____

PLEASE ITEMIZE – RECEIPTS REQUIRED AS ATTACHMENTS FOR ALL EXPENDITURES.
 Please see the Reimbursement Guidelines on the reverse side of this Form.

Expenses Paid by Traveler to Be Reimbursed by LSA

DATES OF TRAVEL	/ /	/ /	/ /	/ /	/ /	/ /	/ /	/ /	Total
TRANSPORTATION									
Air/Rail/Bus Fares									\$ -
Taxis, Airport Limos,									\$ -
Rental Car/Gas									\$ -
Mileage@ .575/mile No. of Miles _____									\$ -
Parking/Tolls									\$ -
LODGING IS PROVIDED THROUGH LSA MASTER HOTEL ACCOUNTS Use other lodging only with prior LSA approval.									
Hotel/Motel									\$ -
MEALS									
Meals: If more than one person is dining, enter total number of diners with B, L, or D designation, on the blue "Diners" line, e.g., 5D for 5 at dinner.									
B=Breakfast									\$ -
L=Lunch									\$ -
D=Dinner									\$ -
Diners (list below)*									
OTHER									
Tips									\$ -
Other									\$ -
DEDUCTIONS if needed									
Deduct	()	()	()	()	()	()	()	()	\$ -
Personal Items									\$ -
DAILY TOTALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement Total Requested									\$ -

I certify that this statement is a true statement of expenses incurred on behalf of Lutheran Services in America. [

Traveler _____ / ___ / ___ LSA Staff Approval _____ / ___ / ___

*Any Additional Comments, including names of extra diners.

FASB	Fund	Object	Project	Function	\$ Amount	Bill to Third Party
						Name
						Organization
						Address
						Zip

Code Initials/Date:

LUTHERAN SERVICES IN AMERICA REIMBURSEMENT GUIDELINES

for LSA Board of Directors Meeting Expenses

Incurred by the LSA Board of Directors

GENERAL

The Meeting Expense Form and these Guidelines are intended to provide direction on the appropriate expenditures and method for requesting reimbursement from Lutheran Services in America (LSA) in light of good and proper stewardship of the funds entrusted to the care of LSA and of the need for accurate and careful documentation of expenses. Interpretations are the responsibility of the LSA Vice President of Finance and Administration. Since, in most cases, the types of expenditures will be travel related, they are addressed specifically below.

MEETING EXPENSE FORM

Please use the Meeting Expense Form (for the specific calendar year) on the reverse side to submit expenses for reimbursement. Please sign the Form and attach all receipts to the Form; if there is no receipt, please provide a brief explanation. In order to uphold timely accounting schedules, it is requested that you please submit the completed Form and attached receipts within thirty (30) business days of the last expenditure to:

Lutheran Services in America
100 Maryland Avenue, NE, Suite 500
Washington, DC 20002

Attention: Mary Koster, LSA Board of Directors Expense Reimbursement

AIR, RAIL OR BUS

differential for first class or side trips will not be reimbursed.

PERSONAL CAR

Actual miles driven are paid at the current IRS rate per mile. There is no allowance for additional passengers. The rate on the Meeting Expense Form is for the current year.

RENTAL CAR

Please select the most economical car for the circumstances and choose the fuel refilling method that will yield the lowest cost.

INSURANCE

Travel/accident insurance is not reimbursable. LSA maintains travel insurance for the Board of Directors.

OTHER TRANSPORT

given time constraints and circumstances.

LODGING

LSA will establish and maintain a master account for lodging charges for all Board of Directors Meetings. Incidentals billed to individual rooms, such as movies, snack bar, exercise club, valet services, telephone calls not related to LSA business, as well as fees incurred by accompanying family members, etc., will not be charged to the master account and must be paid for upon checkout by each Director. **Please note that it is very helpful to the efficient maintenance of LSA's master accounts if each Director notifies LSA of his or her arrival and departure dates and times as early as possible and as soon as travel plans are finalized.**

FOOD AND DRINK

Meals purchased for self and others must be business related to be reimbursable. List the name of each person and the organization they represent, the type of meal (i.e., breakfast, lunch, dinner), and the business reason on the receipt. A reasonable amount for the type of meal, including gratuities, is expected for the location and situation. Please note that LSA does not pay for alcoholic beverages.