

HIGHLANDS COMMUNITY MINISTRIES, INC.
Organizational Handbook
July, 2009

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HIGHLANDS COMMUNITY MINISTRIES - God and people working ecumenically together for the good of people in the Highlands

A Brief History - by Stan Esterle

In 1966, the seeds were first sown for what is today known as Highlands Community Ministries, Inc. A group of lay people at Bardstown Road Presbyterian Church became concerned about the changing community around their church. They interested their pastor and pastors of five other congregations within the immediate area in seeing what the churches together could do to serve the needs of this changing community. The Christian Action Committee of Bardstown Road Presbyterian Church made a survey of the Longfellow School and found that out of 300 children, 100 went home to no adult. Many people in the community were concerned that there was no safe place to play, and that the young people roamed the streets with "nothing to do." And so in January, 1967, this group of six churches began a cooperative ministry entitled Neighborhood Play and Study Club. The six churches involved at the time were: Bardstown Road Presbyterian, Deer Park Baptist, Edenside Christian, Douglass Blvd. Christian, Calvary Lutheran, and St. Paul United Methodist. The organization continued in this format until May, 1970.

In the early months of 1970, the group of six congregations received an affirmative response from the Presbytery of Louisville, for some money to develop some more comprehensive services within the community. \$15,000 was awarded over a 2 1/2 year period so that a full-time director could be hired and a comprehensive experimental ministry begun. In May, 1970, the body of churches became incorporated as Highlands Community Ministries, Inc. On July 1, 1970, Stan Esterle began working within the community as the full-time executive director of H.C.M.

During the years of 1970 and 71, ministries were developed to serve each age group — child care, recreational programs, classes, singles clubs, senior citizen activities, and welfare assistance. The Highlands Bulletin as a means of communication is mailed in late July each year to 17,000 households in the Highlands - with an additional 5,000 copies made available at the churches. Between 1972 and 76, a lot of effort was given to involving residents in long term community efforts — survey of 5% of households, development of ten neighborhood associations and involvement in a variety of issues affecting livelihood of persons in the Highlands. In 1975, H.C.M. expanded its services for older persons through the development of the Adult Day Center and the Outreach for Older Persons. In 1979, a full time counseling program with youth and families was established. In September of 1977, HUD granted a \$4,008,600 loan for building apartments for the elderly and handicapped — at 1720 Richmond Drive and occupancy began at Highlands Court in July, 1984. In January, 1983, a coordinator was hired to expend the work with low income persons — The individual and Family Assistance Program. In February, 1994 the Highlands Youth Recreation became a program of H.C.M. In June, 1994 H.C.M. closed its elementary age child care center. In June 2003, H.C.M. closed its counseling center. Presently, 24 congregations are members of Highlands Communities Ministries, pooling resources of person power, facilities and finances to serve people in the Highlands.

Calvary Lutheran
Concordia Lutheran
Metro.Comm. Church of Lou.

Deer Park Baptist
Highland Baptist
Vine St. Baptist
Douglass Blvd. Christian
Edenside Christian

Immanuel Un. Ch. of Christ
Christ On, Ch. of Christ
Bellarmine Campus Ministry
St. Agnes Catholic Episcopal
St. Brigid Catholic
St. Francis of Assisi
St. James Catholic
St. Raphael Catholic
St. Therese Catholic

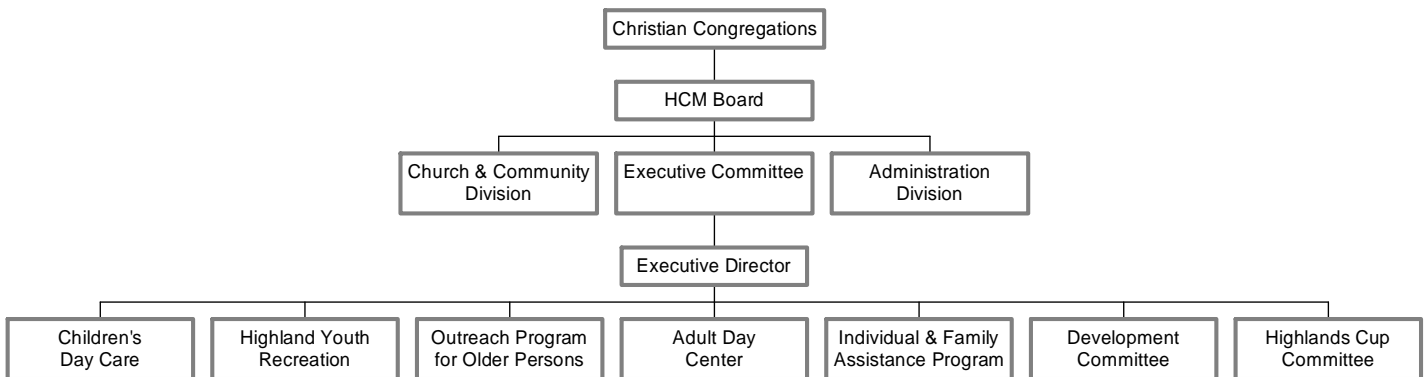
Bardstown Rd. Presbyterian
Highland Presbyterian
Strathmoor Presbyterian
Ch. of the Advent
St. Andrew's Episcopal
Highland United Methodist
St. Paul' United Methodist

The goal of H.C.M. is to minister to the needs of people in the Highlands — because our Lord calls on us to love our neighbor as ourselves. If our efforts contribute to the healthy growth and environment of the people of our community, we are succeeding in our task. We leave to the local church the task of providing a communal faith and fellowship experience that the people want and need. As the people experience the source of our unselfish ministry, hopefully still more will be inspired to seek for themselves that faith that gives us strength.

HCM sponsors an activity to promote interfaith unity each Fall and in the Spring hosts an event to strengthen the Christian unity among the HCM congregations. At Pentecost, 1983, the HCM congregations signed a covenant statement which includes a unified faith statement and our pledges to one another. A unified baptismal certificate is available via HCM.

Revised 1/09

Highlands Community Ministries



BOARD: Delegates specific responsibilities to smaller functional units and has as its primary task to be informed of the overall aims of each H.C.M. ministry and to maintain support and involvement of the congregations in these ministries; in addition to the role of liaison, each member is encouraged to volunteer in another aspect of H.C.M.

EXECUTIVE COMMITTEE: Develops agenda for board meetings; coordinates requests and new concepts; acts on behalf of the board in times of emergencies; supervises the executive director in the role as executive; serves as final appeal with regard to personnel and grievances, committee assignments, or decisions made by its representatives, divisions or committees.

CHURCH AND COMMUNITY DIVISION: Serves as steering committee for central office programming, establishing policies and supervising staff with regard to services and budget; promotes innovative and creative relationships and ministries within the community.

ADMINISTRATION DIVISION: Annually reviews and revises the H.C.M. Personnel and Organizational Policies; establishes fund-raising policies, coordinates and mediates funding issues; supervises H.C.M. insurance policies; reviews H.C.M. centralized bookkeeping and accounting systems; reviews the annual audit; awards monies from the quasi interest and annual campaign.

STEERING COMMITTEE: Establishes policies, hires and supervises staff, sets the budget and raises funds for its particular program, consulting with the executive director and appropriate groups within the H.C.M. system.

EXECUTIVE DIRECTOR: Provides staff assistance to all program development and policy making units within H.C.M.; serves as staff coordinator among H.C.M. programs with regard to services, personnel, and fund-raising efforts; is informed beforehand of all fund-raising requests and signs all contracts; supervises central office program and the bookkeeping system.

PROGRAM DIRECTOR: Responsible for programming and supervision of its staff; shares with steering committee and executive director responsibility for fund raising; reports to the steering committee.

RELATIONSHIP WITH OTHER NON-PROFITS: H.C.M. works directly with other non-profits in the Highlands providing volunteer board members and consulting with these corporations on advocacy issues. Each of these non-profits is a separate corporation with its own board of directors..

BY-LAWS OF
HIGHLANDS COMMUNITY MINISTRIES, INC.

ARTICLE I NAME

The name of the corporation shall be Highlands Community Ministries, Inc., an association of congregations hereinafter referred to as "HCM".

ARTICLE II PURPOSE

The purpose of HCM shall be to provide a Christian ministry to persons in the Highlands area of Louisville, to enable them to gain a mature and meaningful self-image as God's creatures; and to provide programs and activities which will foster human growth and development without regard to race or creed.

ARTICLE III MEMBERSHIP

The members of HCM shall consist of those congregations in the Highlands area which desire to affiliate with HCM and to work cooperatively for its purposes.

ARTICLE IV RESPONSIBILITIES OF MEMBER CONGREGATIONS

Section 1 Each congregation shall take such "official" action as necessary to commit itself to a covenantal relationship, evidence of which shall be indicated by the appointment of at least one representative and no more than four representatives to the Board of Directors who shall be authorized to act in behalf of the congregation at the Board meetings of HCM.

Section 2 Each congregation, by covenantal relationship, shall assume a fair share of the financial support of HCM, based upon membership and financial potential.

Section 3 Each congregation shall make available to HCM its facilities and equipment to help implement programs and activities, use of which shall not conflict with its own activities.

Section 4 Each congregation through its representatives shall encourage and recruit volunteers for the various aspects of the programs and activities of HCM.

ARTICLE V WITHDRAWAL OF MEMBER CONGREGATIONS

Failure of a member congregation to maintain the responsibilities of Article IV shall be considered as the congregation's desire to withdraw from HCM and the Board may take action to remove its name from the membership.

ARTICLE VI BOARD OF DIRECTORS

Section 1 The affairs of HCM shall be governed by a Board of Directors.

Section 2 The Board shall consist of not more than four (4) representatives from each congregation.

- Section 3 Each congregation shall determine the qualifications, manner of selection, and term of service for those it appoints as its Representatives on the Board and shall submit the names and addresses to HCM when there is a change in its representation.
- Section 4 In order to implement programs, the Board of HCM shall organize itself into major functional Divisions, with stated responsibilities under each Division as delegated by the HCM Board.
- Section 5 Each HCM Board member serves (1) as liaison between the local congregation and the unified community ministries, and (2) is encouraged to serve as a volunteer in some other aspect of HCM (such as on a Division, a committee, or as a volunteer in one of the programs).
- Section 6 Steering committee chairpersons by virtue of their office are encouraged to attend all HCM Board meetings with voting privileges.
- Section 7 Should the need arise, the full Board reserves the right to directly exercise its authority or to restructure its organization, reserving veto power over any decisions made by its representatives (paid or volunteer) or its Divisions or committees.

ARTICLE VII OFFICERS

- Section 1 The officers of HCM shall consist of President, Vice President, and Secretary/Treasurer.
- Section 2 The term of office shall be January 1 - December 31.
- Section 3 All officers are elected to serve for one year and are eligible to serve one additional year in the same office for a maximum of two years.

ARTICLE VIII EXECUTIVE COMMITTEE

- Section 1 The Executive Committee shall be composed of the elected officers and the Division leaders who are appointed by the elected officers and confirmed by the Board of Directors.
- Section 2 The Executive Committee shall supervise the executive director in the role as executive and do the annual evaluation.
- Section 3 The Executive Committee shall review and coordinate requests from Divisions, staff members, and the community-at-large.
- Section 4 The Executive Committee shall plan the agenda for each meeting of the Board.
- Section 5 The Executive Committee shall act for the Board in emergencies when it is impossible to call a meeting of the Board.

Section 6 The Executive Committee shall serve as final appeal with regard to personnel grievances, committee assignments, or decisions made by its representatives (paid or volunteer) or its Divisions or committees.

ARTICLE IX MEETINGS

Section 1 The Board shall meet at least bi-monthly at a time and place agreed upon by the Executive Committee.

Section 2 Board members will be expected to attend all Board meetings. Unexcused absence at three meetings consecutively shall constitute grounds for asking the local church or the steering committee to seek a replacement for that Board member.

Section 3 The Executive Committee shall meet as needed.

ARTICLE X NOMINATIONS AND ELECTIONS

Section 1 The officers shall be elected by the Board at the last regular meeting of the calendar year.

Section 2 A nominating committee of five members, no more than two being from the same congregation, shall be nominated and elected by the Board at the September meeting.

Section 3 The Nominating Committee shall present a slate of officers in writing to the members of the Board at least ten days before the November meeting for the election of officers.

Section 4 Additional nominations may be made from the floor provided the consent of the person being nominated has been obtained.

Section 5 In the event of a vacancy in office, the Executive Committee shall present a nominee at the next regular Board meeting for election at that meeting.

ARTICLE XI EXECUTIVE DIRECTOR

Section 1 There shall be an Executive Director who has supervision of the continuing programs and activities of HCM.

Section 2 The Executive Director shall be employed by the Board upon recommendation of the search committee.

Section 3 The terms of the Executive Director's employee status form shall be determined by the Board.

Section 4 The Executive Director shall work under the supervision of the Executive Committee.

Section 5

The responsibilities of the Executive Director shall be:

- a. to assist the Board in determining and implementing policies;
- b. to initiate and to implement programs approved by the Board;
- c. to employ personnel and assist in employment where responsibility is delegated to others;
- d. to supervise and counsel with personnel who direct and implement programs and activities;
- e. to provide staff assistance (1) without vote to the HCM Board, the Executive Committee, the Divisions and (2) with vote to the Steering Committees and task forces.
- f. to take any problematic policy to the appropriate party or parties for discussion and resolution. The Executive Director also serves as staff coordinator among HCM programs with regard to services, personnel, and fund-raising efforts. On behalf of the Administration Division, the Executive Director is to be informed beforehand of all fund-raising requests -- taking the information to that Division when appropriate and signing all contracts on behalf of the full Board. Central office programming and the centralized bookkeeping system is also supervised by the Executive Director.

ARTICLE XII DIVISIONS

Section 1

Divisions of the HCM Board shall consist of nine Board members. A quorum for Division business shall be five. Divisions will meet when needed or approximately every other month; minutes will be kept.

ARTICLE XIII STEERING COMMITTEES

Section 1

Each Steering Committee receives its authority from the HCM Board and is accountable to the Board primarily via the HCM Executive Director (who reports to the Executive Committee). Membership of each Steering Committee shall consist of HCM Board members, Executive Director, hosting church representatives, and community resource persons. All committee members are expected to concur with and be supportive of HCM's purpose and goals within the community. The chairperson of each Steering Committee may attend with vote all meetings of the full HCM Board. Each Steering Committee shall establish policies, hire and supervise staff, raise funds, and approve the budget for its particular program - - consulting with the Executive Director and appropriate groups within the HCM system.

ARTICLE XIV HCM IDENTITY

Section 1

Each program of HCM will use the name "Highlands Community Ministries" as part of its title. A program's identity with HCM is also to be acknowledged in presentations before groups and in conversations with the media. The Board recognizes that for some fund-raising purposes, it is necessary to clarify that the local churches only provide finances for the central office. Nevertheless, we need to present all our services to

the community as one united and cooperative Highlands Community Ministries - - Christian congregations providing united ministries and witness to persons throughout the Highlands.

ARTICLE XV QUORUM

Section 1

A quorum of the Board to transact business shall consist of one-fourth (1/4) of the membership provided that one-half (1/2) of the member congregations are represented.

Section 2

The quorum for the Executive Committee shall be three of its membership.

ARTICLE XVI AMENDMENTS AND SUSPENSION

Section 1

These By-Laws may be amended by the presentation in writing of the recommended amendment at a regular meeting of the Board for discussion and being passed by a two-third (2/3) vote of those present at the next regular meeting.

Section 2

These By-Laws may be suspended at any meeting by a three-fourths (3/4) vote of the Board members present in order to transact emergency business. Immediately following the transaction of that particular item of business, they will be back in force without a vote of the Board.

ARTICLE XVII PARLIAMENTARY PROCEDURE

Unless otherwise indicated in these By-Laws, Robert's Rules of Order will be the guiding principles in the parliamentary procedure.

HIGHLANDS COMMUNITY MINISTRIES
COVENANT

Signed by 25 F1.C.M.
congregations on
Pentecost 1983

I. OUR LIFE TOGETHER

The Highlands Community Ministries was established in 1970. Since then, the participating congregations have joined together in a variety of servant ministries to children, the elderly, and to all persons in our Highlands community.

Through the Highlands Community Ministries, we plan together, work together, and pray together. We share our facilities, our human and material resources, and our life and mission as Christ's disciples. On regular occasions, we 'worship together to acknowledge and celebrate the reconciling love of God which we experience in ministering to one another and to others in our community.

Trust and understanding have grown through our work together. We have become committed to one another. We have come to recognize that there is, indeed, "one Lord, one faith, one baptism, one God and Father of us all, who is above all and through all and in all." (Ephesians 4:5, 6)

We believe that we have arrived at a time when we can and should articulate this special relationship we have in the Highlands Community Ministries: we proclaim the measure of unity which has been achieved in our life together, and we promise to do those things which will lead toward a fuller realization of the perfect unity which is God's will and gift to the church.

II. OUR FAITH

We, the congregations of the Highlands Community Ministries, in recognition of the Lordship of Christ and our mission in the world, do affirm our faith:

We believe in God the Father, Creator of heaven and earth, and in the covenant of love by which we are bound to God.

We believe in Jesus Christ, God's Son, our crucified and risen Lord, who reconciles all people. We believe in the Holy Spirit, who creates and renews the Church, binding in covenant faithful people of all ages, tongues and races.

We believe and have complete confidence in the gospel; it is God's power to save all who believe.

We believe that we are called to share in Christ's baptism, to accept the cost and joy of discipleship, to proclaim the power of the cross to all the world, and to eat at Christ's table.

We believe that we are called to manifest the unity which Christ gave to the church.

We believe in God's presence now and await the fullness of God's everlasting kingdom. Blessing and honor, glory and power be unto God. Amen.

III. OUR COVENANT

We solemnly, reverently and joyfully enter into this covenant and hereby pledge:

To pray for one another and for the unity of the Church.

To continue seasonal occasions of joint worship.

To develop opportunities for shared Bible study and dialogue.

To support the mission of the Highlands Community Ministries.

To share as fully as possible our facilities, programs and resources, both human and material.

To work together for justice, peace and wholeness in community.

To serve the needs of persons in our community in the hope that human integrity can be preserved and nurtured.

To witness together to our faith in Jesus Christ who came not to be served but to serve.

We dedicate ourselves to these objectives and ask the blessing of God on this covenant, so that we may be faithful to these promises that we make to one another before God.

H.C.M. FUND RAISING GUIDELINES

Fringe Benefit Reserves

Each program is encouraged to build a fringe benefit reserve equal to a possible liability of \$4,000 per employee. Every six months each program's payroll will be assessed, based on the program's established fringe benefit reserves at the beginning of the period. Any program is welcome to reduce its rate assessment by adding directly to the reserve. Should the unemployment reserve requirements be altered in the future, this reserve may be used to cover the costs that might be incurred. The income from the reserve shall be used to fund H.C.M.'s share of the H.C.M. Simplified Employee Pension Fund.

In the event of a severance benefit payment, the benefit payment will be charged to the H. C .M. Fringe Benefit income reserve once that individual program's principal in the reserve is fully depleted.

Yearly Rate

Based on % of first \$8,000 earned per employee

- If 100% is reserved, annual rate charged is 0%
- If 50-99% is reserved, annual rate charged is 1%
- If 20-49% is reserved, annual rate charged is 2.5%
- If 0-19% is reserved, annual rate charged is 4%
- If negative % is reserved, annual rate charged is 8%

Operating Reserves

H. C. M. affirms the need for operating reserves for each program. However, no H. C. M. program is encouraged to allow its operating reserves to grow beyond 20% of its annual program budget. Steering Committees may lower the reserve ceiling to 10% if they judge this adequate in light of experience. Any program's reserves beyond the 20% ceiling (or lower ceiling of adopted by a steering committee) will be placed in the Quasi Endowment Fund.

It is understood that a portion of each operating reserve fund is always in central checking to cover expenses that occur before income, the remainder of the reserves on hand is invested and the income credited to that program. Any program that has significant income recorded that is still outstanding causes the amount of operating reserves in savings (drawing interest) to be reduced proportionately.

Capital Reserves

Programs having large capital replacement costs (such as vans and buses) may set up reserves for such purposes in the Quasi Endowment Fund. It is understood that the H.C.M. executive director in cooperation with program directors and steering committees should make efforts to find funding for equipment replacement from foundations and corporations before withdrawing from the capital replacement reserves.

Quasi Endowment Fund

Once the Operating reserve ceiling has been met by a particular program, the excess reserves will be placed in a special fund - Quasi Endowment Fund. The principal will remain earmarked for that particular program (for capital replacement or in case the operating reserve falls below the program reserve ceiling). The interest will be utilized for whatever H.C.M- needs arise - up to 60% of the annual interest in a given year being allowed to be committed prior to receipt of the interest for that year.

Yearly or as needed the accounts of each H.C.M. program will be reviewed to determine whether adjustments to or from the Quasi Endowment Fund need to be made. The use of the interest from the Quasi Endowment Fund will be determined by the Administration Division.

In order to give stability to the H.C.M. Quasi Fund, a minimum of \$300,000 should be retained in this account from Central Office reserves, the Fusco Fund, and Special Projects so long as the interest earned is available to be spent on program needs.

Priority for the use of available interest earned by the quasi fund will be as follows:

1. Commitment to cover central office deficit including current portion of commitment to Outreach and Counseling.
2. Support of existing services that have no reserve or small reserves, or are faced with an unforeseen crisis. Programs having money in the quasi account may make requests on a dollar for dollar match basis (quasi interest covers one—half the cost and the program covers one—half the cost).
3. Support of H.C.M. programs that are dependent primarily on donations rather than fees.
4. Support for one-time requests or seed money for new services that show potential for ongoing funding.

Endowment Funds

Proper endowment capital may be sought from individuals, foundation, or corporations for a particular service program. Prior approval from the H.C.M. Administration Division must be received before soliciting endowment. H.C.M. is the proper legal entity 501 (C) 3 tax exempt nonprofit corporation to receive and invest funds restricted to a specific service or program. If endowment funds are received for a particular program, it must be clear that these funds can be utilized for other H.C.M. needs if the endowed H.C.M. service ceases to be operative.

Coordination of Funding

All solicitation of funds (written or verbal) on behalf of H. C . M. program should clearly state that funds are being sought for _____ program of Highlands Community Ministries, Inc. Until the fringe benefit reserve is solid, the excess central office funds will remain in that account. Central office will continue to provide free of charge to each H. C. M. program (1) executive director's oversight, (2) volunteers for programs and steering committees, (3) church facilities (subject to local church approval). These items may be put into a particular program budget, if it will benefit the funding status of the program. Any monies central office receives for these services will be donated back to that particular program. The executive director must be informed beforehand of any fund raising request on behalf of an H.C.M. program, and the Executive Director must sign all contracts on behalf of an H.C.M. program.

Fund Raising

The H.C.M. Board, Division, and Executive Director work together to receive sufficient funds from the H.C.M. congregations needed for the central office budget. Each steering committee, the Executive Director, and the Program Director share responsibility for raising ongoing funds needed to each of the other program budgets.

The H.C.M. fund raising task force will convene as needed. This task shall consist of each Program Director and each steering committee chair, the Executive Director and the chair of the Community and Church Relations Division, the Chair of the Administration Division, and the president of the H.C.M. Board. The chair of the Administration Division shall serve as the convener of this task force. At its meetings, the fund raising task force will spell out whether financial resources are needed beyond anticipated resources via existing efforts. When necessary, this task force will make recommendations to the Administration Division as to new options for fund raising.

HCM INVESTMENT POLICY
(ADOPTED 2/19/02)

The investment policy of the Highlands Community Ministries (HCM) is to strive for first, preservation of, and second, capital growth of, and third, reasonable economic return on all entrusted funds, while showing a preference toward investing in companies which have manifested a particular consideration for the social good. We define such companies as those which produce goods and/or services primarily for the civilian, rather than military, markets; refrain from discriminatory or exploitative practices; produce quality goods under decent working conditions; and respect the environments in which people work and live.

The following guidelines shall apply to the actions of the Investment Manager(s) (IM) and all HCM representatives:

1. The IM shall be selected by the HCM Administration Division and approved by the Board of Directors.

2. The IM shall maintain a prudent spread of investments and maturity dates based on the size of the portfolio and guided by the principles outlined above. The IM shall provide monthly reports to the HCM Executive Director (ED) and others as designated by the ED. All investments shall be of a quality deemed appropriate by the IM, subject to the following restrictions:

- a. No more than 50% of the funds shall be invested in equities.
- b. All bonds and preferred stocks shall be rated BBB or better.
- c. No investment shall be made in real estate, precious metals, or collectibles.
- d. No investment or trading shall be made in options.

3. The Administration Division shall designate one of its members as an Investment Overseer (IO) to work with the ED and IM in reviewing and administering HCM's investments and related practices. The ED and IO shall advise the IM regarding withdrawals of income or principal from the portfolio shall counsel the IM regarding the cash flow needs of HCM, and shall both be informed when new investments are necessary. Additionally, the ED and HCM Accounting Manager shall transmit, in a timely manner; additional funds not needed for operations to the IM for investment and shall allocate the appropriate amount of earned income from the portfolio to the various programs within HCM.

HIGHLANDS COMMUNITY MINISTRIES
Membership Guidelines
July, 2004

These policy guidelines are intended to assist the congregations, the HCM Executive Director, and the HCM Administration Division on process for churches wishing to become members of HCM and in situations when churches are having difficulty with one or more of the responsibilities of membership in HCM.

Once the congregation has taken "official" action to become a member congregation of HCM, the congregation will

- (1) appoint one to four representatives to serve on the HCM Board;
- (2) annually budget and pay a pledge to support HCM (currently the minimum annual pledge request is \$600);
- (3) when agreeable make available its facilities for HCM services and events;
- (4) encourage its parishioners to volunteer at HCM programs and on HCM committees and events.

When a congregation has difficulty paying its annual pledge or locating representatives to the HCM Board, the HCM Administration Division will look at the ongoing support by that congregation to HCM and give the congregation one or two years, if appropriate, to stabilize its commitment to HCM, especially with regard to its annual pledge and its Board representatives.

As needed the HCM Administration Division will meet to (1) discuss any issues related to church membership and make recommendation to the HCM Board when necessary and (2) revise or make exceptions to these guidelines.

HIGHLANDS COMMUNITY MINISTRIES, INC.
CONFLICT OF INTEREST POLICY

Conflict of interest arises whenever the personal or professional interest of a board member or employee is potentially at odds with the best interests of Highlands Community Ministries, Inc. ("HCM"). Although the legal standards for avoiding conflict of interest for nonprofit organizations are fairly limited, HCM will avoid where possible even the appearance of impropriety. A direct conflict arises when the individual interests of the board member, employee or immediate family member are at issue in a board or executive decision. An indirect conflict arises when a board member or employee has a material financial interest in an entity, or is a general partner, director, officer, trustee or employee of an entity which is the subject of, or should be the subject of, a board or executive decision.

If an issue is to be decided by the board that involves either a potential direct or indirect conflict of interest for a board member or employee, it is the responsibility of the board member or employee to:

1. Identify and disclose to the board and Executive Director the material facts of the individual's interest or involvement in the transaction or entity giving rise to the potential conflict of interest.
2. Not participate in discussion of the conflict issue or transaction being considered.
3. Not vote on the issue.

It is the responsibility of the board to:

1. Decide issues only in the best interests of HCM without influence by board members who may have a conflict of interest.
2. Record in the minutes of the board meeting any potential conflict of interest disclosed and the measures taken to avoid the conflict.