

BEST PRACTICES AND POLICIES FOR FINANCIAL ACCOUNTABILITY

Holy Orthodox Metropolis of Portland and the West

Reviewed and approved at the Meeting of the Board of Directors



Metropolitan Moses
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INTRODUCTION

When we undertake any activity on behalf of the Church it is necessary and proper to begin with the Holy Scriptures. Our Lord Jesus Christ instructed us concerning what is expected of the people of God in the Parable of the Vineyard. In this parable, the Householder, that is God, is the sole Lord of the Vineyard that He planted. This Vineyard is an image of the Church and our Lord and God hedged it round about with spiritual guidelines and laws and let it out to stewards, the bishops, priests, deacons, and laity who would be accountable to Him for their stewardship. (Matt 21:33-44) In this and other parables our Savior predicted that some would grow negligent and shamefully treat the servants of the Lord of the Vineyard and abuse their stewardship, to their eternal peril.¹ Each will be judged according to their calling, “For unto whomsoever much is given, of him shall much be required.” (Luke 12:48) In other words, the higher the position, the more fearful the judgment will be. Yet, for each and every one of us, no matter what our station and responsibility is, it is essential that we are truthful, as Christ is the Truth (John 14:6). We must be trustworthy for “it is required of stewards that they be found trustworthy” (1 Cor 4:1-2). We must remember that “False balances are an abomination before the Lord: but a just weight is acceptable unto Him” (Proverbs 11:1) and “There is nothing hid, which shall not be manifested; neither was anything kept secret, but that it should be revealed.” (Mark 4:22)

For this reason, spiritual laws of truthfulness, godly moral principles and customs can and should be the basis for standardized procedures and processes in the practical matters of exercising good stewardship in the Church. Any not-for-profit organization, and especially the Church of Christ, must recognize its responsibility towards its stated mission and the people that it serves. Further, it must be accountable to donors and recipients of its services, as well as to regulatory agencies. Its reputation for responsibility, accountability, ethics, and fair dealing is of high importance. Should this reputation be compromised, substantial damage can be done to the fulfillment of the organization’s mission. For this reason, utmost care and discipline must be

¹ *“But if that evil servant shall say in his heart, my lord delays his coming and begin to smite his fellow servants, and to eat and drink with the drunken; the Lord of that servant shall come in a day he expects not and in an hour he knows not, and shall cut him asunder, and appoint him his portion with the hypocrites; there shall be the weeping and the gnashing of teeth.” (Matt 24:48-52)*

exercised in the establishment of policies and procedures for financial accountability.

To this end, the Holy Orthodox Metropolis of Portland and the West (the “Metropolis”) has adopted the following six best practice principles for financial accountability:

1. Clear and decisive financial governance
2. Ethics, whistleblower, and conflict of interest policies
3. Appropriate financial controls and investment policies
4. Internal audit principles and standards
5. Transparency of financial data and performance
6. Knowledge of emerging not-for-profit issues

CLEAR AND DECISIVE FINANCIAL GOVERNANCE

The Board of Directors of the Metropolis is entrusted with responsibility for the proper and effective use of all resources for the administration and operation of the Metropolis. It shall be noted that the Board of Directors represents the entire Metropolis, with its Chairman/President being the Metropolitan. Section 4.3 of the HOCNA model By-Laws for each Metropolis, gives executive authority to the Board of Directors. Section 4.11, of the same, provides that when the Board of Directors vote, the President of the Board’s vote constitutes a majority. This is in harmony with the historical canonical understanding of the place of the Ruling Bishop in his local diocese.² In this context, the parliamentary process of motion, discussion, and vote has been modified to provide a venue for the Bishop to take council with his presbyters, and others as needed, in order to properly make considered decisions before witnesses. This is not a democratization of the Church. We utilize the language familiar to the legal and corporate world in order to more effectively interact with professionals while maintaining and preserving the Traditions and Order of the Church.

² See Appendix II, “Canons Pertinent to Church Governance, with Commentary”

Further, Section 5.6 establishes the Treasurer as the Chief Financial Officer and the Chief Accounting Officer of the Corporation, who is in charge of the Corporation's financial affairs, funds, securities, and valuable papers, and keeping full and accurate records thereof; and is in charge of the Corporation's books of account, accounting records, and accounting procedures.

For effective governance and execution of their fiduciary responsibility, it is paramount that the Board of Directors:

1. Ensure that there are proper policies in place for ethics, conflict of interest, disclosure, and identification of fraud, records retention, and whistleblower protection.
2. Review all financial statements and ensure that they are clear, understandable and communicate proper information for adequate stewardship as well as budget comparisons and expense analyses.
3. Ensure that the Treasurer, who is responsible for the preparation of the financial statements, certifies the annual Balance Sheet, Operating Statement, and Cash Flow Statement for all Metropolis activities (including endowments and charitable trusts).
4. Review procedures for internal financial controls to ensure that they safeguard and protect the assets of the Metropolis.
5. Review compliance with all applicable laws and regulations and compliance with internal policies and procedures.

ETHICS POLICY

As a matter of fundamental principle, any not-for-profit institution should adhere to the highest ethical standards because it is the right thing to do. As a matter of pragmatic self-interest, the Church should do so because constituency trust in its performance is the bedrock of its effectiveness in proclaiming the Gospel of Christ. Donors and volunteers support any institution because they trust it to carry out its mission, to be a good steward of its resources, and to uphold

rigorous standards of conduct. Not-for-profit institutions must earn this trust every day and in every possible way. But institutions are composed of people, and it is up to the people – governing board members, management, staff, and volunteers – to demonstrate their ongoing commitment to core values of integrity, honesty, openness, and responsibility. Adherence to the law is the minimum standard of expected behavior. The Metropolis must do more, however, than simply obey the law. It must ensure that what is done is consistent with the Church’s expectations. Transparency, openness and responsiveness to the Church’s concerns must be integral to its behavior.

1. Personal and Professional Integrity

All members of the Board of Directors, management, and staff shall act with honesty, integrity and openness in all their dealings as representatives of the Metropolis. Each member of the Board of Directors, management, staff, and volunteers are expected to comply with all applicable provisions of this Ethics Policy.

2. Governance

The administrative management, staff, and volunteers shall:

- a. Provide the Board of Directors with accurate, timely, comprehensive and sufficiently detailed information so that the Board of Directors can effectively carry out its responsibilities, to include budget proposals, expense reports, program evaluations, as well as stewardship versus plans and budget.
- b. Ensure that all financial transactions are properly documented with documents retained in accordance with the Document Retention Policy.
- c. Ensure that operating policies and procedures (including approval of expenditures and disbursements) are in writing, clearly articulated, and officially adopted.
- d. Ensure that full and complete cooperation is given to internal and external auditors.
- e. Ensure that violations of this Ethics Policy are brought to the attention of management and, where appropriate, to the Board of Directors.

3. Legal and Regulatory Compliance

The administrative management, staff, and volunteers are to comply with all applicable laws and regulations.

4. Responsible Stewardship

The administrative organization and departments are to manage their funds responsibly and prudently. This shall include the following considerations:

- a. The administration budgets and expends funds to ensure effective accounting systems, internal controls, competent staff, and other expenditures critical to proper management.
- b. The administration prudently draws from endowment funds consistent with donor intent and in accordance with the budget and finance plans as approved by the Board of Directors.
- c. The administration ensures that special collection funds are sequestered for disbursement in accordance with donor intent.
- d. The administration ensures that all spending practices and policies (for both the central administration and the various departments) are documented and consistent with the officially adopted budget of the Metropolis.
- e. The administration ensures that all financial reports are sufficiently detailed, factually accurate, and complete in all material respects.
- f. The administration regularly reviews the effectiveness of the various programs of the Metropolis and reports the results of those reviews together with recommendations to the Board of Directors.

5. Openness and Disclosure

The administration provides accurate, comprehensive, and timely information to the Metropolis constituency. Basic operations and financial data, including but not limited to department activities, results of special collections and disbursements, approved budgets, program reviews, revenue/expense stewardship versus budget, and audited financial

statements shall be posted on the website of the Metropolis. All financial, organizational, and program reports shall be complete and accurate in all material respects.

6. Fundraising

- a. The administration is truthful in their solicitation/special collection materials.
- b. The administration respects the privacy concerns of individual donors and expends funds consistent with donor intent.
- c. The administration discloses important and relevant information to potential donors.
- d. The donors shall be assured their gifts shall be used for the purposes for which they were given and that information about their donations is handled with respect and with confidentiality to the extent provided by law.

7. Exceptions and Amendments

No individual on the Board of Directors or administrative management has authority to dispense with or grant any exception regarding any of these policy requirements. Any desired exception is required to be brought for review to the entire Board of Directors. This Policy shall be reviewed by the Board of Directors every three years. Any amendment to the Policy requires endorsement by the Board of Directors.

WHISTLEBLOWER POLICY

The Metropolis Ethics Policy requires Board of Directors members, and administrative management and staff, whether paid or volunteer, to observe high standards of honesty and integrity in the conduct of their duties and responsibilities as well as to comply with all applicable laws and regulations.

1. Reporting Responsibility

It is the responsibility of all persons listed above to comply with the Ethics Policy and to

report violations or suspected violations in accordance with this Whistleblower Policy.

2. No Retaliation

No member of the Board of Directors, management or staff, whether paid or volunteer, who in good faith reports a violation of the Ethics Policy shall suffer harassment, retaliation, or adverse employment consequence. A volunteer/employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination. This Whistleblower Policy is intended to encourage and enable volunteers/employees and others to raise serious concerns within the Metropolis prior to seeking resolution outside the Metropolis.

3. Reporting Violations

Volunteers and employees shall share their questions, concerns, suggestions, or complaints with someone in management who can address them properly. In most cases, a volunteer's or employee's supervisor is in the best position to address an area of concern. However, if a volunteer or employee is not comfortable speaking with his supervisor or is not satisfied with the supervisor's response, the volunteer/employee is encouraged to speak with anyone in management with whom he is comfortable approaching. Supervisors and managers are required to report suspected violations of the Ethics Policy to the Chair of the Audit Committee, who has specific responsibility to investigate all reported violations. For suspected fraud, or when one are not satisfied or uncomfortable with following the above process, individuals shall contact the Chair of the Audit Committee directly.

3. The Audit Committee

The Chair of the Audit Committee is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Ethics Policy, and shall advise the President of the Board of Directors (the Metropolitan) and work with the Audit Committee until the matter is resolved. The Chair of the Audit Committee is required to report to the Board of Directors at least annually on compliance activity. The Audit Committee shall address all reported concerns or complaints regarding corporate accounting practices,

internal controls, or auditing.

4. Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Ethics Policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Ethics Policy. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false shall be viewed as a serious disciplinary offense.

5. Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

6. Handling of Reported Violations

The Chair of the Audit Committee shall notify the sender and acknowledge receipt of the reported violation or suspected violation within ten business days. All reports shall be promptly investigated and appropriate corrective action shall be taken if warranted by the investigation.

Reference: National Council of Not-for-Profit Associations, www.ncna.org

DONOR BILL OF RIGHTS

In the Church, financial stewardship is a response to the biblical imperatives of both the Old and New Testaments. The voluntary financial offerings of the faithful support the mission of the Church and the propagation of the Gospel. To ensure that financial stewardship merits the

respect and trust of the faithful, and that donors and prospective donors can have full confidence in the administration of the Metropolis and the work they are asked to support, all donors may reasonably expect:

1. To be informed of the mission of the Metropolis, of the way the Metropolis intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the Board of Directors, the Finance Committee, and the administration of the Metropolis, and to expect those responsible to exercise prudent judgment in their stewardship responsibilities.
3. To be provided with a copy, upon request, of the most recent financial statements of the Metropolis.
4. To be assured their gifts shall be used for the purposes for which they were given.
5. To receive appropriate acknowledgement and recognition.
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing the Metropolis to the donor shall be professional and in keeping with the spiritual nature of the Church.
8. To be informed about those individuals who are seeking donations and their relationship to the administration of the Metropolis.
9. To have assurance that mailing lists shall not be shared with any organization outside of normal Church-related organizations.
10. To have the right to ask pertinent questions when making a donation and to receive prompt, truthful, and forthright answers.

Reference: Association of Fundraising Professionals, www.afpnet.org

CONFLICT OF INTEREST POLICY

The purpose of the Conflict of Interest Policy is to protect the interests of the Metropolis when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Board of Directors, a member of a committee with powers delegated by the Board of Directors, or the administrative management (hereinafter called “interested persons”), or might result in a possible excess benefit transaction.³ This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to not-for-profit organizations.

The Board of Directors shall determine and publish a list of members of committees and administrative management who fall under the above description. This list shall be updated from time to time as necessary.

1. Definition

An interested person shall have a conflict of interest if:

- a. the interested person has existing or potential financial or other interest (including compensation in the form of gifts or favors which are not unsubstantial) that impairs or might reasonably appear to impair that person’s independent, unbiased judgment in the discharge of his or her responsibilities to the Metropolis; or
- b. the interested person is aware that a member of his or her family (which, for the purposes of this Policy, shall be a spouse, parents, siblings, children, or any other relative if the latter resides in the same household as the interested person), or any organization in which the person (or member of his or her family) is an officer, director, employee, contractor, member, partner, interested person, or controlling stockholder, has existing or potential financial or other interest.

³ An excess benefit transaction is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of a disqualified person, and the value of the economic benefit provided by the organization exceeds the value of the consideration received by the organization. (Source: www.irs.gov/charities/charitable/article/0,,id=123303,00.html)

2. Disclosure

All interested persons shall disclose to the Board of Directors any possible conflict of interest at the earliest practical time. An interested person who is a member of the Board of Directors shall neither participate in discussion of nor vote at a Board of Directors meeting on any matter under consideration in which the interested person has a potential conflict of interest. The minutes of such meeting shall reflect that a disclosure was made and that the interested person having a conflict of interest abstained from participation and voting. In the case of an interested person who is a member of management, that person shall abstain from consideration, discussion, endorsement or approval of any matter in which the interested person has a conflict of interest. The documentation of the matter under consideration shall record that the interested person abstained from participation. Any interested person who is uncertain whether a conflict of interest may exist in any matter may request the Board of Directors to resolve the question by majority vote.

3. Violations

If the Board of Directors has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform that person of the basis for such belief and afford that person an opportunity to explain the alleged failure to disclose. If, after hearing that person's response and after making further investigation as warranted by the circumstances, the Board of Directors determines that person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. Annual Statements

Each member of the Board of Directors, member of a committee with powers delegated by the Board of Directors, and the administrative management shall annually sign a statement which affirms such person has received a copy of the Conflict of Interest Policy, has read and understands the Policy, and has agreed to comply with the Policy.

APPROPRIATE FINANCIAL CONTROLS

The details of appropriate accounting controls are outlined in the Metropolis Accounting Policies and Procedures Manual. However, the basic principles are:

1. Accounting shall be performed according to Generally Accepted Accounting Principles (GAAP) for Not-for-Profit Organizations
2. Internal controls shall be documented in a procedures manual, including handling of incoming money or other assets, and deposits thereof to the appropriate unrestricted/restricted endowment/reserve fund, investment of assets, approval of all disbursements including petty cash and payroll, monitoring of expense accounts, etc., with adequate segregation of duties and corresponding checks and balances.
3. Ensure that funds are not commingled, donor restrictions are honored, and use of funds is documented with the appropriate level of approval.
4. A regular training program for relevant personnel shall be available for both basic and refresher education on accounting and controls.
5. A Document Retention Policy shall be instituted.
6. Special attention shall be paid to ensuring that “excess benefit transactions” do not take place and, if they do, to report these properly.

INVESTMENT POLICY

The Investment Policy of the Metropolis shall apply to all funds held in long-term investment accounts, funds held in reserve, and any debt proceeds that are accounted for in the financial statements of the Metropolis. The primary purpose of the Investment Policy is to provide asset protection and preservation of capital to address long-range needs while generating investment income.

1. Delegation of Authority

- a. The responsibility for researching and recommending investment transactions resides with the Investment Committee.
- b. Any single investment in which the proposed transactions would result in the transfer of greater than \$10,000 shall be presented, prior to any transfer of funds, to the Board of Directors for their review and recommendation.
- c. The ultimate and final responsibility for any and all investment decisions is borne solely by the President.

2. Investment Objectives

The primary objectives, in order of priority, of all investment activities shall be the following:

- a. Safety and preservation of principal in the overall portfolio is the foremost investment objective in order to maintain a secure financial reserve.
- b. Maintaining the necessary liquidity to fund normal operations.
- c. A reasonable rate of return.

3. Prudence

The Investment Committee, when recommending an investment, shall exercise the care, skill, prudence, and diligence under the circumstances prevailing at the time that a person acting in a like capacity and familiar with such matters would use to accomplish the Investment Objectives.

4. Eligible Investments

- a. Obligations of the United States Government, its agencies, and instrumentalities
- b. Certificates of deposit and other evidence of deposit at Federally-insured depository institutions

- c. Money Market deposits at institutions approved by the Board of Directors
- d. Equities graded “A” or better
- e. Mutual Funds with a weighted average rating of “3 stars” or better by the Morningstar system
- f. Multi-State Municipal Bonds graded “A” or better
- g. All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Investment Maturity Limitations and Diversification Requirements.

5. Prohibited Investments and Investment Practices

Assets shall not be invested in the following:

- a. Futures and options contracts
- b. Mutual Funds with a lower than a weighted average of “3 stars” by the Morningstar system
- c. Debt or Equity instruments of any publicly-traded company or privately held organization graded below “A”
- d. Securities of companies which derive their primary revenues from the manufacture, sale, or distribution of distilled alcoholic beverages, tobacco, gambling, or military products or services, and morally questionable activities

6. Investment Maturity Limitations

To fully accomplish the investment objectives set forth, it may be necessary to segment the funds available for investment. This should be done to distinguish between those funds necessary for normal operating expenditures arising in the normal course of business and those funds that may be available for a longer period of time. Consequently, maturity limitations may change as the cash needs of the Metropolis fluctuate. When possible, the Investment Committee may look to extend to a longer term for a reasonable pickup in yield,

but at no time shall the investment decision disregard the Metropolis' potential to require cash.

7. Diversification Requirements

Where possible, it shall be the policy of the Investment Committee to recommend diversification of the investment portfolio. However, there shall be no requirement of diversification or limitations on the amount invested in any particular eligible investment. Assets shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Portfolio maturities shall be staggered in such a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.

8. Review

All invested funds in accounts which contain more than \$10,000 each shall be reviewed quarterly by the Investment Committee. A report of the findings from the review by the Investment Committee shall be submitted to the President of the Board of Directors.

DOCUMENT RETENTION POLICY

This Document Retention Policy provides minimum guidelines for mandatory document retention and is intended to eliminate the possibility of accidental destruction of documents.

A copy of this policy shall be made available on an annual basis to each volunteer/employee of Metropolis administration and its departments.

DOCUMENT	RETENTION PERIOD
Duplicate deposit slips	10 years
Employee personnel records (after termination)	7 years
Employment applications	3 years

Expense analyses and expense distribution schedules (includes allowance and reimbursement of employees, officers, etc., for travel and other expenses)	10 years
Financial statements (end of year)	Permanently
General ledgers and end-or-year statements	Permanently
Insurance policies (expired)	Permanently
Insurance records, current accident reports, claim, policies, etc.	Permanently
Internal reports, miscellaneous	3 years
Inventories of materials and supplies	10 years
Invoices from vendors	10 years
Journals	10 years
Minute books of Board of Directors, including Bylaws and Articles of Incorporation	Permanently
Payroll records and summaries, including payments to pensioners	10 years
Purchase orders	3 years
Scrap and salvage records	10 years
Subsidiary ledgers	10 years
Tax returns and worksheets, revenue agents' reports, and other documents relating to determination of tax liability	Permanently
Time sheets and cards	10 years
Voucher register and schedules	10 years
Volunteer records	3 years

*Reference: Model Document Retention Policy for Nonprofits,
www.blueavocado.org/content/model-document-retention-policy-nonprofits*

INTERNAL AUDIT PRINCIPLES AND STANDARDS

An audit is an examination and evaluation of policies, procedures, and systems to ensure the reliability and integrity of information; compliance with policies, plans, laws, and regulations; the safeguarding of assets; and the economical and efficient use of resources. Auditing activity is primarily directed at improving internal control, broadly defined as a process to provide reasonable assurance of the achievement of objectives in the following categories:

1. Effectiveness and efficiency of operations;
2. Reliability of financial reporting; and
3. Compliance with applicable laws and regulations.

The Board of Directors, management, and other personnel are responsible for establishing policies and procedures to achieve specific objectives in each of these categories. Auditors evaluate whether the policies and procedures are designed and operating effectively, and provide recommendations for improvement. Ultimately, the audit function is geared toward assisting all members of the organization to fully understand and effectively perform their duties toward the achievement of good stewardship.

An Audit Committee of one or more persons shall be appointed by the Board of Directors.

1. Membership

- a. Audit Committee members shall be selected from among the constituent congregations of the Metropolis, excluding those who have any conflict of interest in the sense of the Conflict of Interest Policy. A husband and wife may not serve together.
- b. The Audit Committee shall have access to financial expertise, preferably from among its appointed members.
- c. The Audit Committee has authority to call upon outside advisors to provide financial and other expertise as deemed appropriate.
- d. Members shall act independently, impartially, and systematically in the performance of their assigned duties.

3. Scope

The Audit Committee's scope of responsibilities include, but are not limited to, a determination of whether or not:

- a. Policies and procedures are easily and clearly understood, sufficient, and used effectively and consistently;
- b. Management effectively identifies and minimizes risks;
- c. Staff consistently adhere to external regulations, as well as internal policies and procedures;

- d. Internal controls, and policies and procedures are without gaps; and
 - e. Resources are used efficiently to the benefit of the Metropolis.
2. The duties and responsibilities of the Audit Committee Chair include the following::
- a. Conduct ongoing reviews of internal procedures and recommend improvements to the Board of Directors;
 - b. Ensure that internal accounting and operational controls are appropriate and functioning correctly, and report inconsistencies to the Board of Directors;
 - c. Examine and evaluate system records and operating procedures; verify compliance with established plans, policies, procedures, and control systems; assure compliance with regulatory and statutory conditions; and assure adherence to generally accepted accounting and auditing principles and report inconsistencies to the Board of Directors; and
 - d. Investigate and resolve all reported complaints and allegations concerning violations of the Ethics Policy and report to the Board of Directors at least annually on compliance activity.

TRANSPARENCY OF FINANCIAL DATA AND PERFORMANCE

Nothing inspires confidence in and willingness to contribute than an open door approach to information. The more people know, the more they shall be willing to identify with the organization and support it. The following information shall be published on the Metropolis web site:

1. Statement of Ethics and Conflict of Interest Policies
2. Audited financial statements (preferably for the last three years)
3. Minutes of the Board of Directors meetings (for the last twelve months)

KNOWLEDGE OF EMERGING NON-FOR-PROFIT ISSUES

There is a significant amount of information available on Financial Accountability and Governance of not-for-profits. Both the members of the Board of Directors and the principal officers, employees, and volunteers of the administration shall remain abreast of both current knowledge and emerging issues.

CONCLUSION

The preceding Best Practices and Policies for Financial Accountability represents only a starting point. The work of implementing these practices and policies may seem daunting, and the changes required might initially feel awkward; but the end result will hopefully be the hearing of the words of our Saviour: “Well done, thou good and faithful servant.” (Mat. 25:21)

ANNUAL ETHICS STATEMENT

I, _____, a duly elected or appointed _____
(Title) of the Holy Orthodox Metropolis of Portland and the West (the "Metropolis"), do hereby
certify as follows:

1. I have received a copy of the Ethics Policy of the Metropolis (the "Policy").
2. I have read and understand the Policy and my ethical responsibilities as an officer/employee/
volunteer of the Metropolis.
3. I agree to comply with the Policy and will immediately inform the appropriate authority in
the event of any non-compliance with the Policy.
4. I understand that the Metropolis is a not-for-profit organization and in order to maintain its
federal tax exemption, it must engage primarily in activities which accomplish one or more of its
tax-exempt purposes.

IN WITNESS WHEREOF, I have executed this Annual Ethics Statement this ____ day of ____
_____, 20____.

Signature

ANNUAL CONFLICT OF INTEREST STATEMENT

I, _____, a duly elected or appointed _____
(Title) of the Holy Orthodox Metropolis of Portland and the West (the "Metropolis"), do hereby
certify as follows:

1. I have received a copy of the Conflict of Interest Policy of the Metropolis (the "Policy").
2. I have read and understand the Policy and my ethical responsibilities as an officer/employee/
volunteer of the Metropolis.
3. I agree to comply with the Policy and will immediately inform the appropriate authority in
the event of any non-compliance with the Policy.
4. I understand that the Metropolis is a not-for-profit organization and in order to maintain its
federal tax exemption, it must engage primarily in activities which accomplish one or more of its
tax-exempt purposes.

IN WITNESS WHEREOF, I have executed this Annual Conflict of Interest Statement this _____
day of _____, 20_____.

Signature

ANNUAL WHISTLEBLOWER STATEMENT

I, _____, a duly elected or appointed _____
(Title) of the Holy Orthodox Metropolis of Portland and the West (the "Metropolis"), do hereby
certify as follows:

1. I have received a copy of the Whistleblower Policy of the Metropolis (the "Policy").
2. I have read and understand the Policy and my ethical responsibilities as an officer or employee
or volunteer of the Metropolis.
3. I agree to comply with the Policy and will immediately inform the appropriate authority in
the event of any non-compliance with the Policy.
4. I understand that the Metropolis is a not-for-profit organization and in order to maintain its
federal tax exemption, it must engage primarily in activities which accomplish one or more of its
tax-exempt purposes.

IN WITNESS WHEREOF, I have executed this Annual Whistleblower Statement this ____ day
of _____, 20____.

Signature

APPENDIX I:

MISSION STATEMENT OF THE HOLY ORTHODOX METROPOLIS OF PORTLAND AND THE WEST

The aim and purpose of the Holy Orthodox Metropolis of Portland is to live and to proclaim the pure and undefiled Orthodox Christian Faith and Tradition in conformity with the doctrine, canons, worship, discipline, moral principles, usages, and customs of the One, Holy, Catholic, and Apostolic Church.

The work and ministry of our Church consists of sanctifying its members through worship and the Holy Mysteries; instructing and guiding the faithful in the path to salvation; proclaiming the Gospel of Christ our Savior; incorporating new members into the Body of Christ through instruction and Holy Baptism; and carrying on appropriate philanthropic activities, including, but not limited to, publishing Orthodox Christian missionary materials, and providing assistance to missions and individuals in need.

It is the object of our Church to assist our faithful to attain Christian enlightenment and eternal salvation by means of the Holy Mysteries, the Church's integrity, discipline and faith, and a life of holiness, prayer, and repentance.

APPENDIX II: CANONS PERTINENT TO GOVERNANCE WITH COMMENTARY

Canon 26 from the 4th Ecumenical Council. For as much as we have heard that in certain churches the bishops managed the church-business without stewards, it has seemed good that every church having a bishop shall have also a steward from among its own clergy, who shall manage the church business under the sanction of his own bishop; that so the administration of the church may not be without a witness; and that thus the goods of the church may not be squandered, nor reproach be brought upon the priesthood; and if he [the bishop] will not do this, he shall be subjected to the divine canons.

The purpose of this canon was to provide that the administration of church property would be witnessed to and attested by local clergy and not a private agent of the ruling bishop in whom the Church could put no confidence. In order to fulfill the spirit of this canon in the face of present, we have appointed a reader of the Church as Treasurer, a priest as Secretary, and the policy of open books to allow many to witness the administration of the church property.

Apostolic Canon 38. Let the bishop have the care of all the goods of the Church, and let him administer them as under the inspection of God. But he must not alienate any of them or give the things that belong to God to his own relations. If they be poor, let him relieve them as poor, but let him not sell the goods of the Church under that pretence.

Bishop George Grabbe offered commentary on Apostolic Canon 38: This Canon establishes the important principle, supported by many other Canons, that all Church property within a diocese is under the control of the bishop. The form of control may and has varied over time, but the underlying principle has remained unchanged that the responsibility for all Church property and the decisions with respect to its disposition lies with the bishop, not with the laity. This property is created through the donations of the laity. Because of this, the laity often feels as though it has both responsibility and ownership over such property. However, everything donated to the Church is referred to as "belonging to God" by this Canon and, therefore, it must be under the authority of the bishop. Together with this, however, there is a series of Canons aimed at protecting the Church from possible abuse by the bishops. (Canon 41 of the Holy Apostles; Canon 26 of the 4th Council; Canon 35 of the 6th Council; Canons 11 and 12 of the 7th Council; Canon 15 of the Council of Ancyra; Canons 7 and 8 of the Council of Gangra; Canons 24 and 25 of the Council of Antioch; Canons 35 and 42 of the Council of Carthage; Canon 7 of the Council of the 1st and 2nd; Canon 10 of St. Theophilus of Alexandria; Canon 2 of St. Cyril of Alexandria).

Apostolic Canon 39. Let not the presbyters or deacons do anything without the sanction of the bishop, for it is he who is entrusted with the people of the Lord, and of whom will be required the account of their souls.

Bishop George Grabbe: As a result of this Canon being between two Canons which address the control of Church property, Balsamon and, later, Bishop Nicodemus, feel this Canon applies to material matters and not to spiritual ones. If this is so then, independent of this, the Canon establishes the general subordination of clerics to their bishop who carries accountability before God for the souls of their flock. (Canons 38, 40, and 41 of the Holy Apostles; Canon 12 of the 7th Council; Canon 57 of the Council of Laodicea; Canons 6,

7, and 42 of the Council of Carthage).

Apostolic Canon 40. Let the private goods of the bishop, if he have any, and those of the Lord be clearly distinguished, that the bishop may have the power of leaving his own goods, when he dies, to whom he will and how he will, and that the bishop's own property may not be lost under pretence of it being the property of the Church. For it may be that he has a wife, or children, or relations, or servants, and it is just before God and man that neither should the Church suffer any loss through ignorance of the bishop's own property, nor the bishop or his relations be injured under pretext of the Church, nor that those who belong to him should be involved in contests and cast reproaches upon his death.

(Canons 38 and 41 of the Holy Apostles; Canon 22 of the 4th Council; Canon 35 of the 6th Council; Canon 24 of the Council of Antioch; Canons 31, 35, and 92 of the Council of Carthage).

Apostolic Canon 41. We ordain that the bishop have authority over the goods of the Church, for if he is to be entrusted with the precious souls of men, much more are temporal possessions to be entrusted to him. He is therefore to administer them all of his own authority, and supply those who need, through the presbyters and deacons, in the fear of God, and with all reverence. He may also, if need be, take what is required for his own necessary wants, and for the brethren to whom he has to show hospitality, so that he may not be in any want. For the law of God has ordained, that they who wait at the altar should be maintained at the altar's expense. Neither does any soldier bear arms against an enemy at his own cost.

Canons 38 and 39 of the Holy Apostles; Canon 26 of the 4th Council; Canon 12 of the 7th Council; Canons 24 and 25 of the Council of Antioch; Canons 10 and 11 of St. Theophilus of Alexandria; Canon 2 of St. Cyril of Alexandria.

These Canons of the Church seem to be in conflict with what is written in the present HOCNA Model Parish By-laws, Section 1, Article 4: "The Parish belongs to the Holy Orthodox Church, which is hierarchical and spiritual in nature, and exists independently of land or church building, which may be privately owned, as in the case of the Parish functioning within a house-church or renting a building. The Parish shall have absolute title to and control, use, and enjoyment of all real and personal property acquired by it in its name, without reference to any episcopal or diocesan authorities."

The purpose of citing the above canons is not to constrain the local parishes to give over the title to their properties to the local diocese, but to demonstrate that, at the very least, Church property belongs to God and that, according to the traditions of the Church, the local ruling hierarch has spiritual oversight over what is done with the property dedicated to God. For now, it is in the best interest of the Church that each parish adopt a policy of transparency in their financial governance.

APPENDIX III:

REGARDING THE BISHOP'S ADVISORY COUNCIL

Excerpts from: "To Ekklesiastikon Dikaion" (The Church Law), By Nicodimos Milosh, Athens 1906 (in Greek, translated from German)

The Consequences of One's Consecration to the Episcopate (Chap. 106 – p.519)

By his consecration, the bishop receives the authority which the Apostles possessed, because the bishops are the successors of the Apostles, and the Holy Spirit "hath made [them] bishops [overseers] to tend the Church of God" (Acts 20:28). We described in the previous [chapters] (Chaps. 81 and 83) what rights the bishop possesses in the Catholic Church – which indeed emanate from his office – and in the ecclesiastical region entrusted to him (Chap. 60). In his region, the bishop is the [perfect, surest, fully constituted, authoritative, full, complete], [complete in itself, absolute, with full powers, at his own discretion] administrator of his diocese by the power of the rights [assigned] to him. No one has the authority to impose impediments in this matter, as long as [the bishop] exercises this right within the canonically defined boundaries. Much less can one interfere in the internal matters of the administration of the eparchy or to intrude directly or indirectly into the episcopal rights (Apos. Canon 35 and my commentary thereon, *Pravila I*, 97). In his diocese, the bishop alone possesses and employs hierachial authority, and because of this there cannot be two bishops in one and the same city (Canon 8 of the 1st Ec. Coun., and my commentary, *Pravila I*, 204), and the canons impose severe *epitimia* on any bishop who interferes into the affairs of another ecclesiastical region (Apos. Canons 14, 15, 16, 32 and 34; Canons 15 and 16 of the 1st Ec. Coun.; Canon 8 of the 3rd Ec. Coun.; Canons 5 and 20 of the 4th Ec. Coun.; Canon 17 of Trullo; Canons 3, 6, 9, 13, 21 and 22 of Antioch; Canons 11, 13 and 15 of Sardica; Canons 9, 53, 54, 55, 56 and 80 of Carthage). This prohibition applies likewise to an autocephalous archbishop, who has no right to interfere in the matters of the dioceses of his own ecclesiastical region [ruled by] bishops canonically established under him, unless a bishop in his diocese refuses to assign higher and lower clergy, according to the canonical order, in order for them to accomplish their spiritual ministry (Canon 14 of the 7th Ec. Coun. This is referred to as "the right of self-summoned action").

The Consultative/Advisory Organs of the Episcopal Eparchy (Chap. 112 – pp. 548 ff.)

The establishment of a *chorepiscopus* as *locum tenens* and suffragans of ordinary bishops in the administration of an episcopal eparchy presupposes an extremely extensive and densely populated eparchy. During the first years of the Church, however, this was not the case; for very small and insignificant places had, as we have mentioned, their own bishops, insofar as the extent (population?) of an episcopal region of one such bishop was no larger than a present day large parish. (In St. Cyprian's time, there were only 300 dioceses in the ecclesiastical region of Carthage). Because of this, the local bishop was able by himself to administer such a region without the assistance of a suffragan. The bishops, assisted by an adequate number of clergy, governed by means of a council made up of them who knew best, so far as possible, [the matters] of their diocese (see the Epistle of St. Ignatius, especially Trallians [chap. 3] and Magnesians [chaps. 2 and 6]). But [this board of] advisors/counselors of the bishop never had, in the beginning, the character of a legal body; neither were [the counselors] permanent ecclesiastical ministers in the

administration of a diocese. Only around the 3rd century is there mention made of a permanent and regular presbyters' counsel around the episcopal see, whose work and purpose was to assist the bishop in governing and carrying out the affairs of the eparchy (Tertullian, *Apology*, c. 39 lib. de pudicitia; Cyprian, *Epis.* 3.8.35, and others; the *Apostolic Constitutions* specify that the presbyters must be honored "as advisors to the bishop and as a crown of the Church", because they are "an assembly and council of the Church", Book 2, chap. 28) . From the 4th century [the existence] of this advisory body is confirmed canonically as a permanent body of the episcopal eparchy, with the canons specifying the very manner of the ministry of each of the advisory body's members (see Canons 7 and 8 of Gangra; Canon 57 of Laodicia; Canons 75 and 97 of Carthage; Canon 10 of Theophilus of Alexandria). During the 8th century, the advisory body in question appears under different names, completely organized in every episcopal region of the East (Canons 2, 3, 23, 25 and 26 of the 4th Ec. Coun.; Canon 7 of Trullo; Canons 11 and 19 of the 7th Ec. Coun.).

The presbyters' advisory council developed to its most perfect degree in the episcopal regions of the Patriarchate of Constantinople, which – with the exception of various differences in the number of its members and its jurisdiction – served as a model for the establishment of similar advisory councils throughout all the episcopal sees of the Eastern Church. The title of this advisory council varied with the passage of the time (see Zhishman, *Die Synoden*, S.217, for the older titles). At the present, the Greeks call it "an episcopal (or spiritual, or ecclesiastical) court" (see the Jan. 29, 1853 encyclical of the Holy Synod of the Church of Greece). Elsewhere, the names used are "eparchial (or episcopal, or spiritual) advisory council", *consistorium* (St. Cyprian uses this word in his letters, e.g. in 3.11.14.22 [Migne]. See also his letter to Caldonius [Migne18], "Cypriano et compresbyteris Carthagini consistentibus"). Even the names of the members of this advisory council varied (Zhishman, *Die Synoden*, S. 90-91; compare *Dostoianstva*, p.122). The most common name is "ecclesiastical officers", according to the nature of their ministry in the central administration of the episcopal eparchy (see the July 16, 1852 encyclical of the Holy Synod of the Church of Greece). As counselors (advisors) of the bishop, they are called "*prokathimenoï*" ["those who sit in the first (or foremost) place"].

In more ancient times, the following ecclesiastical officers are mentioned usually as members of the aforesaid advisory council: 1) the *economos* (the steward); 2) the *sakellarios* (treasurer); 3) the *skevophylax* (the keeper of the sacred vessels); 4) the *chartophylax* (the archivist); 5) the *sakellion* (bursar); 6) the *protekdikos* (legal representative). Concerning the duties with which these office-holders were entrusted in the central ecclesiastical administration, we have spoken already (see chap. 61, p.343). Here, it is necessary to further add: 7) the protopresbyter (*protopapas*), who was responsible for liturgical matters throughout the whole episcopal region and assessed the qualifications of future candidates for the clergy. When the *protopapas* assumed the duties of the *ekdikos* [advocate] in the cathedral's judicial questions, he was responsible for disputes over liturgical matters; 8) the *hieromnemon* (registrar); 9) the *canstrision*, who oversaw the episcopal treasury; 10) the *referendarios*, who was the mediator (public relations man?) between the bishop and the political [government] leaders; 11) the *logothetis* (auditor), who reviewed all the accounts and was an assistant of the *protekdikos* and the *chartophylax*, and, as the assistant of the *chartophylax* assisted in addition 12) the *hypomnematographos* (stenographer), who executed especially the duties of a scribe. This was the usual number of the members of the episcopal advisory council, which, according to the opinion of the local bishop, could be increased or decreased, according to circumstances.

Except for the protopresbyters, the priestly rank of the members of the advisory council among themselves was altogether insignificant. In contrast, it was not a matter of indifference whether the members were secular clergy or monastic. Up until the 12th century, monastics were allowed to be members of the episcopal advisory council, but later, according to the decree of Michael III,

Patriarch of Constantinople, the advisory council consisted only of members of the clergy, while monastics were excluded, since [such participation in the council] was not in agreement with the general rules of the monastic habit. (In citing this synodal decree and seeing that Balsamon includes this in his Nomocanon in titles 14, Zhishman concludes that monastics were not allowed to hold offices in the regional episcopal administration [Die Synoden, S. 188]). Later, however, monastics also were accepted as members, but they participated only during the discussions of the advisory council and in matters pertaining to monasticism, but were otherwise excluded from participation in certain matters. (In the spiritual, episcopal courts of Serbia, a monastic attends as an honorary member. See Article 98 of the law issued in 1900).

The Episcopal Advisory Councils (*Consistoria*)

Chap. 114

The importance and significance of the episcopal advisory council (*consistoria*) is defined by the bishop's position in the episcopal eparchy entrusted to him. Whereas a certain doctrinal book (*Orthodox Confession*, Part I, 56) of the Orthodox Eastern Church ranks the bishop "in his eparchy as Christ's *locum tenens*", another such book recognizes in him the supreme authority over absolutely all the pertinent matters of his episcopal eparchy and entrusts to his conscience the spiritual court [tribunal] over each and everyone in his church, inasmuch as he has responsibility to God alone [and to the Holy Synod; see p.5] concerning whatever occurs in his church (*Confession of Dositheos*, No. 10). The Apostolic Canons of the Eastern Church specify this very manner [of administration]. The bishop is presented as the supreme head of his church and as the only one from whom God shall require an account, and as the supreme governor and spiritual judge in his church. Hence, there cannot exist any lawful organ [body] in the episcopal eparchy which governs independently or apart from the opinion [knowledge] of the local bishop, or which exercises whatever pertains to judicial authority. Accordingly, the episcopal advisory council is an advisory body, consisting of able and experienced members chosen by the bishop himself; its purpose and labor is to assist and alleviate the bishop's work through the members' counsels, opinions and experience, and to provide him the needed information on questions and matters requiring investigation, for the successful accomplishment of the episcopal eparchy's matters and for a just verdict and decision. Hence, the episcopal advisory council is not a self-sufficient legal body, empowered as such to be in opposition to the bishop or to make decisions apart from his opinion. Because of this, the members of such an advisory council do not have a deciding vote in matters belonging to the sphere of its jurisdiction [competence], if their opinion should be against that of the bishop; rather, [they have] an advisory vote, and it is for this that they are called counselors [advisors] of the bishop and *paredroi* (attendants, aides), *parakathemenoi* (those who sit at the bishop's side) of the episcopal advisory council. Thus, this is how they are referred to in the regulations of contemporary, canonically-constituted, episcopal advisory councils, i.e., as advisors completely and immediately dependent upon (subject to) the bishop (see, e.g. Article I of the Regulations of the Russian episcopal spiritual advisory councils [1883], or Paragraphs 2 and 3 of the Regulations concerning episcopal advisory councils of Vukovina [1869]). The bishop has the right to propose for approval by the appropriate [civil] authority those individuals which, according to his conviction, are qualified to sit with him as conscientious and experienced councilors. (See, e.g. Article 21 of the law regarding the Orthodox Church in Romania. An exception to this general rule are the episcopal advisory councils [episcopal spiritual courts] in the Kingdom of Serbia. The decisions and opinions of these [latter] advisory councils – which are not subject to review and oversight by other qualified authorities – are, of themselves, to be executed *without the need of their being confirmed by the local diocesan bishops* [Articles 108 and 113 of the law issued in 1890]. That this pertains to a completely unjustified exception can be understood

clearly from what has been said in the text. Some years ago, the members of a certain episcopal court in Greece, while explaining the significance of their vote in the [spiritual] court, expressed the opinion that, if they [the members] have the majority, and even should the local bishop disagree, their votes on matters reviewed in the episcopal courts should have validity and the [ultimate] authority. Taking this an occasion, the Holy Synod of the Church of Greece issued an Encyclical, July 5, 1860, No. 10. 946, to all the bishops in the nation, wherein, on the basis of Canon 4 of Antioch and Canons 11 and 20 of Carthage, it is demonstrated that the bishop alone is the supreme judge in his episcopal eparchy, and [the encyclical] added: "The decree of the 9th Article of Law 200, wherein it is required that the bishop should render judgment with four [diocesan] officers, does not intend to make them [the officers] equal in vote with the bishop, because, obviously, this would be in opposition to the canons; rather, it signifies chiefly that they have an advisory vote, not obligatory on the bishop, who is obliged to pass sentence either to condemn or to absolve, [his sentence being] based on the canons, which, according to the law, must always be cited in the decision [sentence]. From this it is evident that the sentences of the episcopal courts must, of necessity, be ordered in such a manner that the arrangement for passing decisions is in agreement with the vote issued by the local bishop, regardless of whether the other members – that is, the four [diocesan] officers of the same diocese voted with or against him.... [Collection of Christopoulos, p.29, note 2]. Regarding this matter, Regulation No. 330 on the episcopal advisory councils in Russia says the following: "Should the bishop disagree with the opinion of the advisory council, he shall issue his own decision, *which is that which is to be executed*". This is what prevails and should prevail in every canonically-constituted episcopal advisory council. On this account, it appears altogether unjustified to assign responsibilities to the advisory council on the basis of certain unfounded and unjustified official [government?] decrees. As mentioned above, the opinion and vote of the members of the advisory council – if it be in disagreement with the bishop – have no significance in the sentence pronounced in a particular matter; but, on the other hand, the members have the lawful right to request that their opinion be included in the minutes, so that in case an appeal is made on the part of an interested party to a higher authority [i.e., the Holy Synod], the latter can learn with more exactness the whole matter pertaining to the trial procedure and issue a just sentence. In both the administrative and judicial jurisdiction of his episcopal eparchy, the bishop is responsible before God and his conscience, as well as before the [Holy] Synod, which is a higher judicial authority than he).

The president of the episcopal advisory council is the local bishop of the episcopal eparchy (which the exception of the episcopal advisory councils or the episcopal spiritual courts in Serbia, wherein the protopresbyter presides [see p.4 on this]). The number of the regular or honorary members, which are always of the clergy, is determined by the extent of the episcopal eparchy and the number of its administrative and judicial concerns. (In Karlovits of Serbia and in Ermannstat some secondary or tertiary levels of *gerousiae* [Council of Elders, Senate] of episcopal advisory councils consist of members, wherein laymen have the majority vote).

All matters wherein the local bishop has need of advice and the opinion of the advisory council lie within the sphere of competence of said council. According to the more ancient regulations regarding the competence of the episcopal advisory council (see Zhishman, *Die Synoden*, S.219-227), and according to the newer regulations regarding them, the following matters are under the jurisdiction of the episcopal advisory councils: 1) the observance and keeping of the Orthodox Faith; 2) matters that pertain to worship [in the Church] (ritual); 3) the observance of order in the church temples and monastic institutions; 4) the building and maintenance of the church temples and monastic houses; 5) submitting information on the qualifications of candidates for ordination; 6) [supervision over] the clergy's canonical [orderly] fulfillment of its duties;

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