

Conflict of Interest Policy (*[Name of Ministry]*)

Article 1 - INTRODUCTION:

[School/Church] is committed to observing the highest standards of ethical conduct in its operations and expects its directors, officers, and employees to do the same. The Board of Directors (the "Board," "Directors," or singularly, "Director") of the [School/Church] has adopted this Conflict of Interest Policy (the "Policy") to ensure that the [School/Church] remains committed to its charitable and missional purpose.

Article 2 - PURPOSE:

The purpose of this Policy is to protect the [School/Church]'s interest when it is considering a transaction that might privately benefit a director, officer, or other senior decision-maker, as well as to avoid any excess benefit transactions. This Policy is also intended to ensure that the [School/Church] continues to operate in accordance with its tax-exempt purpose.

Article 3 - DUTY OF LOYALTY:

Directors, officers, governing committee members, and certain senior management, including those acting as principals for the [School/Church] (referred to as "Interested Parties" or singularly, "Interested Party"), owe the [School/Church] a duty of loyalty. Such duty of loyalty requires Interested Parties to avoid using their position with the [School/Church] for personal advantage or gain. Interested Parties must also avoid any action, including voting, if applicable, where the Interested Party's personal interest, including financial interest, could conflict with the interests of the [School/Church].

Article 4 - DEFINITIONS:

- A. Conflict of Interest: A conflict of interest occurs when an Interested Party has an interest in any matter involving the [School/Church] that directly or indirectly conflicts with the interests of the [School/Church]. Specifically, conflicts of interest can occur when Interested Parties have competing financial interests or personal relationships in opposition to the [School/Church] (referred to as "Direct Conflicts of Interest"), or are related to someone with a competing financial interest or opposing personal relationship (referred to as "Indirect Conflicts of Interest"). The Interested Party may be related by blood, marriage, or business affiliation. Conflicts of interest may also arise where an Interested Party has decision-making authority in an entity that may be involved in a business relationship or financial transaction with the [School/Church].

The following examples of potential conflicts of interest are to be considered illustrative, but in no way exhaustive:

1. When an Interested Party stands to personally benefit financially through a transaction the [School/Church] may be involved with;
2. When an Interested Party has an ownership interest, including through investment, in another entity with which the [School/Church] intends to transact or do business;
3. When an Interested Party enters or maintains an agreement to be compensated by the [School/Church] (for the purposes of this clause, Directors who are also employees of the [School/Church] may have a conflict in certain situations, such as voting on compensation);
4. When an Interested Party joins or creates a competing Ministry;
5. When an Interested Party or an entity in which an Interested Party has an ownership interest competes with the [School/Church] in a purchase, sale, contract bid, or other interest or service;
6. When an Interested Party utilizes confidential information belonging to the [School/Church] for any reason that is not related to the Interested Party's work for the [School/Church], such as personal profit or for the benefit of another entity;
7. When an Interested Party uses the [School/Church]'s resources for any competing interest; or

8. When an Interested Party participates in decision-making or negotiations for the [School/Church] in a matter in which the Interested Party, a person related to the Interested Party, or an entity in which the Interested Party has an ownership interest is also involved.
- B. Potential Conflict of Interest: A potential conflict of interest occurs when an Interested Party recognizes that a conflict of interest may take place if ameliorating action is not taken. Potential conflicts of interest do not always lead to actual conflicts of interest. Interested Parties that have a potential conflict of interest will need to follow the procedures outlined in the Conflict Disclosure section below. The [School/Church] seeks to avoid the appearance of impropriety, as even potential conflicts of interest can be damaging to the [School/Church]'s reputation. Therefore, all potential conflicts of interest must be treated with due care and disclosed according to the procedures outlined here.

Article 5 - FINANCIAL DISCLOSURES

- A. Annual Disclosure Statements: All Interested Parties are required to complete an annual disclosure statement. This statement must list any financial interests, affiliations, or relationships that could potentially result in a conflict of interest.
- B. Ongoing Disclosure: Interested Parties must promptly disclose any new financial interests or relationships that arise during the year that could potentially result in a conflict of interest.
- C. Review of Disclosures: The Board will review all disclosure statements annually and as needed throughout the year. Any potential conflicts identified will be addressed according to the procedures outlined in this Policy.

Article 6 - NEPOTISM

- A. Prohibition of Nepotism: No Board member shall participate in any decision-making process involving the hiring, promotion, or compensation of a family member. Family members are defined as spouses, children, parents, siblings, in-laws, and any other individuals with whom the Board member has a close personal relationship.
- B. Disclosure of Relationships: Board members must disclose any familial relationships with potential or current employees, contractors, or vendors to the Board. This disclosure must be made as soon as the relationship is known.
- C. Recusal: Board members with a familial relationship to an individual under consideration for hiring, promotion, or compensation must recuse themselves from any discussions or decisions related to that individual. The recusal must be documented in the Board meeting minutes.

Article 7 - PERSONAL RELATIONSHIPS

- A. Disclosure of Personal Relationships: Interested Parties must disclose any personal relationships that could influence their decision-making or actions on behalf of the Church. Personal relationships include close friendships, romantic relationships, and any other relationships that could create a perception of bias or favoritism.
- B. Evaluation of Personal Relationships: The Board will evaluate disclosed personal relationships to determine if they present a conflict of interest. If a conflict is identified, the Interested Party must recuse themselves from any related discussions or decisions.
- C. Documentation: All disclosures of personal relationships and any resulting recusals must be documented in the Board meeting minutes.

Article 8 - MANAGING CONFLICTS DURING DECISION-MAKING PROCESSES

- A. Identification of Conflicts: During any decision-making process, Board members must identify and disclose any conflicts of interest that arise. This includes conflicts related to financial interests, personal relationships, or any other potential conflicts as defined in this Policy.

- B. Recusal from Decision-Making: Any Board member with a conflict of interest must recuse themselves from the decision-making process. This includes abstaining from discussions, deliberations, and voting on the matter. The recusal must be documented in the Board meeting minutes.
- C. Alternative Decision-Making: If a conflict of interest is identified, the Board may appoint an independent committee or individual to oversee the decision-making process. This ensures that decisions are made impartially and in the best interest of the Church.
- D. Transparency and Documentation: All conflicts of interest and the steps taken to manage them must be transparently documented in the Board meeting minutes. This includes the nature of the conflict, the recusal of the Interested Party, and the final decision made by the Board or independent committee.

Article 9 - CONFLICT PROCEDURES:

- A. Disclosure. Interested Parties shall disclosure potential conflicts of interest to the Board as soon as is practicable after becoming aware of the potential conflict, as described above. Interested Parties are also required to complete an annual disclosure form to describe any ongoing interest that may create a conflict.
- B. Evaluation. After the Board receives any potential conflict or conflict disclosure from an Interested Party, the Board may request follow-up discussions or additional information. At this point, the Board will decide whether an actual conflict exists and whether it involves financial interest, material competition, self-dealing, or any other type of conflict. The Interested Party shall be screened from any discussions or voting regarding the conflict. The Board may fully determine the issue on a vote or may refer it to a specialized committee for additional investigation. Evaluation of conflicts is made on a case-by-case basis.
- C. Factors for consideration. The Board may consider any factor it wishes in determining whether a conflict exists. Some of the factors for consideration may include:
 - 1. Whether the Interested Party's financial interest is minimal, in relation to the transaction;
 - 2. How involved the Interested Party is with the other entity involved in any transaction with the [School/Church]; and
 - 3. The degree to which the Interested Party could personally benefit from the transaction or relationship at issue.
- D. Determination of self-dealing. If the Board or committee determines that an actual conflict exists, the Board or committee must also determine whether a self-dealing transaction is at issue. If so, the entirety of the Board must vote on whether to approve the transaction, and the transaction must be approved by a greater vote than other Board actions. In other words, if the Board generally approves actions via a simple majority, a greater vote than this is needed to approve a self-dealing transaction. Approval of compensation for a director acting as director or officer shall not be considered a self-dealing transaction.
- E. Determination of transactional conflict. If the Board or committee determines that an actual conflict exists involving a financial transaction or arrangement, but it is not self-dealing, the Board will consider alternative scenarios that would not present a conflict. If the Board determines an appropriate alternative exists, the Board shall pursue that avenue. If an appropriate alternative does not exist, the Board shall determine whether the original proposed course of action is in the [School/Church]'s best interest and take a vote on such issue, in which a majority is required.
- F. Determination of other conflict. In any other scenario in which the Board or committee determines a conflict exists, the Board or committee shall recommend a reasonable and appropriate course of action to protect the [School/Church]. The governing body shall discuss the issue and determine how best to proceed forward.

Article 10 - POLICY VIOLATIONS:

If an Interested Party fails to disclose any potential or actual conflict, the Board shall first request an explanation from the Interested Party. The Board may then determine appropriate action, including disciplinary action if required.

Article 11 - RECORDS:

The Board or relevant committee shall retain all records of discussions and votes regarding any presented conflict or potential conflict. The records must specifically include:

- A. The name of the Interested Party or Parties;
- B. How the conflict was brought to the attention of the Board (whether disclosed or found out);
- C. The nature of the possible conflict, including financial interest involved;
- D. The Board or committee's actions regarding fact-finding and investigation on the conflict or potential conflict;
- E. The Board or committee's discussions, decision, and vote;
- F. The names of all parties present for any discussion or votes.

Article 12 - ABSTENTION FROM VOTES ON COMPENSATION:

No Board member who is compensated for their services towards the [School/Church] may vote on their own compensation.

Article 13 - ANNUAL STATEMENTS:

All individuals required to abide by this Policy must sign a statement each year attesting that they have received a copy of the Policy, they read and understand the Policy, they agree to comply with the Policy, and they understand the [School/Church]'s maintenance of its charitable activities and federal tax exemption depends on its undertaking primarily of activities that support its charitable purpose.

Any individual that believes they have ongoing relationships or interests that may present a conflict must also make an annual disclosure, as described above, and is responsible for updating such disclosure upon the occurrence of any material change.

Article 14 - REVIEWS:

The [School/Church] will periodically review certain subjects to maintain alignment with its charitable purposes. The review shall include at least:

- A. Compensation and benefit arrangements, to ensure they are reasonable and formalized through arm's length bargaining;
- B. Transactional arrangements, including partnerships or joint ventures, to ensure they are in line with the [School/Church]'s policies and do not confer a private benefit on any party or result in an excess benefit transaction; and
- C. Compensation reviews of the President and Chief Financial Officer of the [School/Church].

The [School/Church] may use outside advisors to conduct the above reviews, but responsibility for the reviews ultimately lies with the Board.

This Policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to nonprofit and charitable [School/Church]s.

Certification: _____, as President of _____ and _____, as Secretary, do certify this is a true and correct copy of the [School/Church]'s Conflict of Interest Policy and that this Policy was adopted by the Board on _____.

President Signature: _____

Secretary Signature: _____

ANNUAL CONFLICT OF INTEREST FORM

The undersigned, as _____ (director, officer position, manager, principal, committee member, or key employee) of _____ acknowledges:

- 1. he or she has received a copy of the [School/Church]'s Conflict of Interest Policy;
- 2. he or she has read and understands the Policy;
- 3. he or she has agreed to comply with the Policy;
- D. he or she understands the [School/Church]'s maintenance of its charitable activities and federal tax exemption depends on its undertaking primarily of activities that support its charitable purpose; and
- E. the following on-going relationships and interests may present a conflict of interest (please describe - if not applicable write "N/A" or leave blank):
- F. _____
- G. _____
- H. _____
- I. _____

Signature: _____

Name: _____

Title: _____

Date: _____