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[organization name]

Conflict of Interest Policy

As adopted by Resolution of the Board of Directors, [date of adoption]

Article I **Purpose**

The purpose of this policy is to protect [organization name]. This policy is intended to supplement but not replace any state and federal laws applicable to nonprofit and charitable organizations.

Article II **Definitions**

1. Interested Person

Any director, officer or employee of [organization name] who has a financial interest is an **interested person**.

2. Financial Interest

A person has a **financial interest** if the person has, directly or indirectly, through business, investment, or family:

- a.** An ownership or investment interest in any entity with which [organization name] has, or is negotiating, a transaction or arrangement,
- b.** A compensation arrangement with [organization name] or with any entity or individual with which [organization name] has, or is negotiating, a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which [organization name] has, or is negotiating, a transaction or arrangement.

Ownership of less than a ten (10%) percent equity interest in a publicly-traded company shall not be considered to be a financial interest.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. **A financial interest is not necessarily a conflict of interest, but becomes one when determined to be such pursuant to Article III, Section 2.**

Article III **Procedures**

1. Duty to Disclose

In connection with any actual or possible conflict of interest, each interested person shall disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the board of directors considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board of directors meeting while the determination of a conflict of interest is discussed and voted upon. **The remaining board members shall decide if a conflict of interest exists.**

3. Procedures for Addressing the Conflict of Interest

If a conflict of interest has been determined to exist under Article III, Section 2,

a. An interested person may make a presentation at the board of directors meeting, but after the presentation he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the conflict of interest.

b. The chairperson of the board of directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the board of directors shall determine whether [organization name] can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board of directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in [organization name]' best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the board of directors has reasonable cause to believe an interested person has failed to disclose an actual or possible conflict of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the board of directors determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the board of directors shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of

interest was present, and the board of directors' decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V **Compensation**

A member of the board of directors who receives compensation, directly or indirectly, from [organization name] for services is precluded from voting on matters pertaining to that member's compensation.

Article VI **Certifications**

a. In January of each year, each director, officer and employee of [organization name] shall sign a certification substantially as set forth in Exhibit A hereto.

b. Each new interested person shall sign such a certification within one month after becoming an interested person.

Article VII **Periodic Reviews**

To ensure [organization name] operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, [organization name] may, but need not, use outside experts. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Conflict of Interest Policy
Certification

I certify that I:

- a.** Have received a copy of [organization name]'s conflict of interest policy as adopted by Resolution of the Board on [date of adoption],
- b.** Have read and understand the policy,
- c.** Agree to comply with the policy and
- d.** Understand that [organization name] is charitable 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.

Date:	Name:
Relation to [organization name]: <input type="checkbox"/> Board member <input type="checkbox"/> Officer <input type="checkbox"/> Employee	Title:
	Signature: