Conflict of Interest Policy

Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of the organization when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer, director, employee, or volunteer, or that might result in a possible excess benefit transaction.
This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest for nonprofit and charitable organizations.

Scope

This policy applies to all members of the Board of Directors, officers, employees, and key volunteers who have influence over the organization's management or decision-making.

Definition of a Conflict of Interest

A **conflict of interest** arises when an individual's personal, professional, or financial interests—or those of a family member or business associate—could compromise or appear to compromise the individual's judgment, loyalty, or ability to act in the best interests of the nonprofit.

Examples include (but are not limited to):

- A board member or employee has a financial interest in a company providing goods or services to the nonprofit.
- A family member of a board member is hired as a contractor without full disclosure and board approval.
- A director accepts gifts, favors, or compensation from individuals or organizations doing business with the nonprofit.
- An employee's outside employment interferes with their responsibilities to the organization.

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must:

1. Disclose the existence and nature of the potential conflict to the Board of Directors, Executive Director, or appropriate committee chair.
2. Provide all material facts so the board can make an informed decision about how to proceed.

Disclosure should occur as soon as the potential conflict becomes known and must also be updated annually as part of the organization's conflict of interest statement process.

Procedures for Addressing a Conflict of Interest

1. **Determining Whether a Conflict Exists**
   - After disclosure, the board (or designated committee) will review the facts to determine whether a conflict of interest exists.
   - The interested person may be asked to provide additional information but shall not be present during deliberations or voting on the matter.
2. **Addressing the Conflict**
   - The board or committee may decide to approve, modify, or reject the proposed transaction or arrangement, depending on whether it is determined to be fair, reasonable, and in the best interest of the organization.
   - The board should seek competitive bids or alternatives when appropriate.
3. **Documentation**
   - The meeting minutes will reflect the disclosure, discussion, and vote.
   - The names of individuals who disclosed or were found to have a conflict, the nature of the conflict, and the board's decision shall be recorded.

Violations of the Policy

- If the board or committee has reasonable cause to believe an individual has failed to disclose an actual or potential conflict of interest, it shall inform the individual and provide an opportunity to explain.
- If, after hearing the response, the board determines that the individual did not act in good faith, appropriate disciplinary or corrective action may be taken.