May 2007

Sample Conflict of Interest Policy

The board of a not-for-profit organization may find it useful to adopt a policy with respect to identifying and evaluating conflicts of interest involving directors. Such a policy could also set forth a statement of duties of directors to assist directors in fulfilling their board responsibilities.

Please note that various factors unique to a not-for-profit organization (including, among others, organizational structure, activities, life-cycle stage, funding mechanisms, and applicable requirements of local, regional or national law) may affect the provisions that should be addressed. Accordingly, while this sample includes standards and provisions that may be generally appropriate for some not-for-profit organizations, different and additional provisions may be appropriate in particular circumstances.

[NAME OF NOT-FOR-PROFIT ORGANIZATION]

BOARD OF DIRECTORS STATEMENT OF DUTIES & CONFLICT OF INTEREST POLICY

Each member of the Board of Directors of ______ (the "Organization") has fiduciary obligations to the Organization that require acting with due care and acting without personal or financial interest.

Annually Board members shall affirm that they have read, understand and have and will continue to adhere to this conflict policy.

I. STATEMENT OF DUTIES

A. Duty of Care

Every Board member shall discharge his or her duties as a Board member in good faith and with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances. Board members shall be diligent and attentive to the Organization's management and needs, and shall make thoughtful and informed decisions in the best interests of the Organization.

The Board may act on behalf of the Organization only within the scope of authority prescribed by the Organization's Certificate of Incorporation, bylaws, corporate resolutions and applicable state law. Board members must ensure that the Organization acts within the scope of its purposes clause as set forth in the Organization's Certificate of Incorporation.

B. Duty of Loyalty and Fair Dealing

Every Board member must deal fairly with the Organization in light of his or her position. This means that a Board member shall not use his or her position for personal or financial profit, gain or other advantage. A Board member shall not engage in a transaction or arrangement with the Organization that confers unfair gains or secret profits to the Board member or any related party. Board members shall not take personal advantage of a business opportunity related to the business of the Organization that is offered to the Organization or to the Board member unless the full Board of Directors determines (after full disclosure and approval by disinterested Board members after an informed evaluation) that the Organization will not pursue that opportunity. Board members shall not be involved in any transaction or arrangement that may directly or indirectly compete with the Organization. Additionally, Board members have a personal responsibility to protect the assets of the Organization from misuse or misappropriation. The assets of the Organization include tangible assets, such as products, equipment and facilities, as well as intangible assets, such as corporate opportunities, intellectual property, trade secrets and business information.

C. Confidentiality

Board members shall not use or disclose any confidential information related to the Organization's business to any person or entity either during or after service, except with written

authorization of the Organization or as may be required by law or regulation. Board members may not use confidential information for their own personal benefit or the benefit of persons or entities outside the Organization. The Organization's financial information and other materials presented to the Board that are not publicly available shall be held as confidential and not shared with any person outside of the Organization. Confidential information shall also include, but is not limited to, donor lists, mailing lists and any information relating to fundraising, including fundraising efforts, plans, ideas and proposals.

D. Dealing with Media Representatives

Board members shall not deal directly with representatives of the media unless duly authorized by the Chairman of the Board or the Chief Executive Officer.

II. CONFLICT OF INTEREST

Board members shall not engage in any transaction or arrangement or undertake positions with other organizations that involve a conflict of interest, or the appearance of a conflict, except in compliance with this Policy.

A. Definition of "Conflict of Interest"

A Board member may have a conflict of interest with respect to a particular transaction or arrangement whenever she or he, or any related party, has, or in the near future will have, directly or indirectly:

- 1. A compensation arrangement or other interest in a transaction with the Organization or with an entity or individual with which the Organization has entered into a transaction or arrangement;
- 2. Subject to *de minimus* exceptions, any ownership or investment interest in, or compensation arrangement or other affiliation with, any entity or individual:
 - That sells goods or services to or purchases goods or services from the Organization;
 - That has any other transaction, arrangement or relationship with the Organization;
 - That competes with the Organization; or
 - With which the Organization is negotiating, or contemplating negotiating, a transaction or arrangement;
- 3. Accepted any gift, entertainment, or other favor where such acceptance might create the appearance of influence on the Board member (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);

- 4. Acquired any real property, leaseholds, patents or other property or rights in which the Organization has, or the Board member knows or has reason to believe at the time of acquisition that the Organization is likely to have, an interest;
- 5. Been indebted to the Organization, other than for amounts due for ordinary travel and expense advances; or
- 6. Any other interest that may make it difficult for the Board member to exercise objective judgment or otherwise perform effectively.

B. Definition of "Related Party"

"Related party" is defined as a member of the Board member's immediate family (including parents, siblings, spouse, domestic partner, and minor children or other children residing with the Board member); any estate, trust, custodianship, guardianship, partnership, etc., in which the Board member, or any other member of his or her immediate family, has a present or vested future beneficial interest; and any corporation or entity of which the Board member, or any member of his or her immediate family, is a partner, director, officer, or beneficial owner of more than 5% of the voting interests.

C. Disclosure of An Actual or Potential Conflict of Interest

Each Board member shall complete a Questionnaire Concerning Conflicts of Interest annually, and on change of circumstances, which shall be reviewed by the Audit Committee or by the Chairman of the Board (the "Chair"). In addition, the interested Board member shall promptly disclose to the Chair all material facts relating to any actual, potential or perceived conflict of interest.

D. Evaluation of an Actual or Potential Conflict of Interest

The Audit Committee or the Chair will evaluate the disclosures to determine whether they involve actual conflicts. The interested Board member shall recuse himself or herself from discussion and voting relating to the matter. However, as a member of the Board or committee, the interested Board member may be counted in determining the establishment of the quorum at such a meeting.

E. Resolution of An Actual or Potential Conflict of Interest

The Organization may enter into a transaction or arrangement in which a Board member has a conflict of interest only if at a duly held meeting of the Board or committee of the Board, a majority of those Board members or committee members (if a quorum is present at such time) who have no interest in the transaction or arrangement approve the transaction or arrangement after determining, in good faith and after reasonable inquiry, that:

7. The transaction is fair and reasonable to the Organization and in its best interests;

- 8. The transaction or arrangement furthers the Organization's charitable purposes, and
- 9. The transaction does not result in private inurement, an excess benefit transaction or impermissible private benefit under laws applicable to organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

F. Records of Proceedings

The minutes of the Board of the Organization or any committee meeting during which a potential or actual conflict of interest is discussed shall reflect the name of the interested Board member(s), the nature of the conflict and the deliberations of the disinterested directors.

G. Compliance

If the Board has reasonable cause to believe that a Board member has failed to comply with this Policy, the Board may make such further investigation as may be warranted in the circumstances and if the Board determines that the Board member has in fact failed to comply with this Policy, it shall take appropriate action in accordance with law and the Organization's Certificate of Incorporation and bylaws, which may include removal from office.

Questionnaire Concerning Conflicts of Interest and Affirmation re: Conflicts of Interest Policy

1.	Have you or any related party,* had a compensation arrangement or other interest in a transaction with the Organization or with an entity or individual with which the Organization has entered into a transaction or arrangement in the past year, other than a charitable contribution or pro bono services to the Organization?		
	No Yes		
	If yes, please describe below the relationship indicating total billings and/or projected total billings for the previous fiscal year.		
2.	Have you, or any related party,* subject to <i>de minimus</i> exceptions, any ownership or investment interest in, or compensation arrangement or other affiliation with, any entity or individual:		
	 that sells goods and services to or purchases goods or services from the Organization; 		
	• that has any other transaction or arrangement with the Organization;		
	• that competes with the Organization; or		
	• with which the Organization is negotiating, or contemplating negotiating, a transaction or arrangement?		
	No Yes		
	If yes, please describe the relationship below.		
3.	Have you, or any related party* accepted any gift, entertainment, or other favor where such acceptance might create the appearance of influence on you (other than gifts o nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction)?		
	No Yes		
	If yes, please list below.		

patents or other property or rights in wh	I party,* acquired any real property, leaseholds ich the Organization has, or you know or have tion that the Organization is likely to have, ar
No Yes	
If the answer is "yes," please list such acq	quisitions below.
	ted party,* been indebted to the Organization travel and expense advances and for outstanding
No Yes	
If the answer is "yes," please indicate belo	ow the type of indebtedness and the amount.
Type of Indebtedness	<u>Amount</u>
In the past year, have you, or any related difficult for you to exercise objective judge	party,* had any other interest that may make ingment or otherwise perform effectively?
No Yes	
If the answer is "yes," please list such into	erests below.

4.

^{*} Definition of "Related Party." "Related party" is defined as a member of the Board member's immediate family (including parents, siblings, spouse, domestic partner, and minor children or other children residing with the Board member); any estate, trust, custodianship, guardianship, partnership, etc. in which the Board member, or any member of his or her immediate family, has a present or vested future beneficial interest; and any corporation or entity of which the Board member, or any member of his or her immediate family, is a partner, director, officer, or beneficial owner of more than 5% of the voting interests. For the purposes of this Policy, constituent organizations are not considered to be related parties.

acknowledge that I have received, read an Organization and agree that I have and wil understand the Organization is charitable and	vers to the foregoing questions are stated to the best of my knowledge and belief. I also edge that I have received, read and understood the Conflict of Interest Policy of the ation and agree that I have and will continue to abide by such Policy. Additionally, and the Organization is charitable and in order to maintain its federal tax exemption must be originally in activities which accomplish one or more of its tax exempt purposes:	
Date	Signature	