

CONFLICT OF INTEREST POLICY

Purpose: The purpose of this conflict of interest policy is to protect the Church's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of Pastors, employees, volunteers, Council members (Moderator, Officer, Board member, Ministry Team Leader) or member of the Church or 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 applicable to a charitable organization.

Private Interest Person: Conflicts of interest may arise when a person has the ability to influence a decision of the Church that could result in personal benefit to the person or a related party defined as the person's spouse, any family member living in the person's home, or the person's business interest or associates.

Potential Conflicts of Interest: A person has a potential conflict of interest if they have a financial interest, directly or indirectly, through business, investment or family through:

- a. An employee, volunteer or member participating in any meeting or discussion in which any form of their compensation is being discussed or decided other than with their immediate supervisor (or Church representative) in a one-on-one discussion.
- b. Ownership or investment interest in any entity with which the Church has a transaction or arrangement.
- c. A compensation arrangement with the Church or with any entity or individual with which the Church has a transaction or arrangement.
- d. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Church is negotiating a transaction or arrangement
- e. Compensation, gifts or favors received directly or indirectly that are more than \$100. Any Compensation, gifts or favors received that are over \$100 must be reported to the Church Moderator or Trustee Chairperson.

Examples of Conflicts of Interest: Several examples of conflicts of interest, which should always be avoided, are set forth below.

- a. No employee or volunteer shall accept full-time, part-time, or temporary employment with any organization or group, and no employee or volunteer shall act as a volunteer of any organization or group which conflicts with any aspect of the Church's ministry.

- b. You are requested to keep personal business to a minimum while at work to minimize the perceptions of conflict of business. You may not conduct business for a for-profit company while at work unless authorized by your supervisor.
- c. To avoid the perception of conflict of interest and in order to ensure efficient operation of Church business, the Church prohibits solicitations including lotto games, sports pools, or any other game of chance on the Church property.
- d. No employee or member of his/her immediate family shall accept gifts from any person or firm doing or seeking to do business with the Church under circumstances from which it might reasonably be inferred that the purpose of the gift is to influence the employee or volunteer in the conduct of the Church's ministry. Such gifts should be returned with a note of gratitude.
- e. Employees and volunteers are prohibited from recruiting or otherwise encouraging other employees to terminate their employment with the Church.
- f. If an employee or volunteer or a member of his/her immediate family has a financial interest in a company which does business with the Church, and the interest is sufficient enough to affect or have the appearance of affecting the employee's, volunteer's decisions or actions, the employee or volunteer must report the interest to the Church Moderator or Trustee Chairperson and must not represent the Church in such transactions.
- g. No employee or volunteer shall directly or indirectly engage in conduct, which is disloyal, disruptive, or damaging to the Church.
- h. Personal or romantic involvement with a supplier or subordinate employee or volunteer of the Church, which impairs an employee's or volunteer's ability to exercise good judgment on behalf of the Church, creates an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships also can lead to supervisory problems, possible claims of sexual harassment and morale problems.
- i. Conflicting activities. Employees and volunteers are prohibited from engaging in any activity, practice, or act, which conflicts with the interest of the Church. Situations that create an actual conflict of loyalty or interest, or even the appearance of such a conflict, must be scrupulously avoided unless approved in advance by the Church Moderator or Trustee Chairperson. If an actual or potential conflict is determined, the Church may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts may result in disciplinary action.

- j. It is impossible to describe all of the situations that may arise involving conflicts of interest. When an employee or volunteer has questions concerning a possible conflict of interest, he/she should request guidance from the Church Moderator or Trustee Chairperson.

Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Moderator or Trustee Chairperson.

Decision Making: After disclosure the interested party shall remove themselves from the meeting and the non-interested parties will consider the proposed transaction or arrangement and make a decision.

Action: Annually, not later than the end of the fourth quarter of the year, all persons holding a Constitution/Bylaws voting position, all pastors, all employees and all members receiving compensation from the Church shall review this policy and fill out and sign the attached Conflict of Interest/related Party Questionnaire and send it to the Church Moderator. All persons attending the Church who expect to be compensated by the Church shall review this policy, fill in and sign the attached Conflict of Interest/Related Party Questionnaire prior to initiation of any effort for which they will be compensated.

These samples are provided as input to assist you in developing procedures, but are not a substitute for considering the risks at your church and establishing your own policies and procedures to reduce those risks to acceptable levels. Transformation Ministries provides these as a convenience for its churches but directly states to you, the user that Transformation Ministries is not providing these to you as legal advice or even a substitute for legal advice. Use of these samples is at your own risk. Laws change and best practices change, sometimes rapidly. It is your church's responsibility to stay abreast of changes in laws and best practices. It is recommended you always consult with your attorney and/or CPA as part of the process of developing your policies and procedures.

