

## Conflict of Interest Policy– Sample

*Note: When developing and adopting policies be sure to rely on legal and accounting counsel.*

In recognition of the IRS inquiry regarding the existence of a policy regarding conflicts of interest, and in support of good governance, this Board-adopted policy covers disclosure and processing of a Conflict of Interest:

- (a) Defines conflicts of interest;
  - (b) Identifies classes of individuals within the organization covered by this policy;
  - (c) Facilitates disclosure of information that may help identify conflicts of interest; and,
  - (d) Specifies procedures to be followed in managing conflicts of interest.
1. **Definition of conflicts.** A conflict of interest arises when a person in a position of authority over the organization may benefit financially or directly from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. This policy is focused upon material financial interest of, or benefit to, such persons.
  2. **Individuals covered.** Persons covered by this policy are the organization’s officers, directors, chief employed executive and chief employed finance executive.
  3. **Disclosure.** Persons covered by this policy will annually disclose or update to the board chair on a form provided by the organization their interests that could give rise to conflicts of interest, such as a list of family members, membership and leadership in related organizations, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members.

4. **Managing conflicts.** For each interest disclosed to the board chair, he or she will determine whether to:

(a) Take no action;

(b) Assure full disclosure to the board of directors and other individuals covered by this policy;

(c) Ask the person to recuse from participation in related discussions or decisions within the organization; or

(d) Ask the person to resign from his or her position in the organization or, if the person refuses to resign, become subject to possible removal in accordance with the organization's removal procedures. The organization's chief employed executive and chief employed finance executive will monitor proposed or ongoing transactions for conflicts of interest and disclose them to the board chair in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred.

Signature X \_\_\_\_\_ Date \_\_\_\_\_

Association Conflict of Interest Policy 12-11  
Adapted with Permission