

Churches Outreach Network Conflict of Interest Policy

Article I **Purpose**

The Purpose of the conflict of interest policy is to protect this tax-exempt organization's Churches Outreach Network interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization 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 nonprofit and charitable organizations.

Article II **Definitions**

1. Interested Person

Any director, or Officer with governing board delegated powers, who has either a direct or indirect financial interest as stated below, 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 the Organization has a transaction or arrangement,
 - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes Salary or Pay both directly or indirectly, as well as gifts and favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial Interest may have a conflict only if the appropriate board decides that one exists.

Article III **Procedures**

1. 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 directors with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest all material facts, and any discussion with the interested person, he or she shall leave while the board discusses whether a conflict of interest is determined and discussed and then voted on.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board meeting, but afterwards he or she must leave the meeting during the discussion of, and vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The President of the Board if needed shall appoint a person of non interest to investigate an alternative to the proposed transaction or arrangement.
- c. After due diligence, the board shall decide whether Churches Outreach Network can get with good effort a better transaction or arrangement from a person that would not raise the conflicts of interest.
- d. If a better arrangement or transaction is not possible, the board shall determine by majority vote of those directors not interested whether the transaction or arrangement is in CON's best interest, for its own benefit, and whether it is fair and reasonable. In conforming with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violation of the Policy

- a. If the Board has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstance, the board determines the member 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 shall contain:

- a. The names of the person who disclosed or were found to have a financial interest in connection with a conflict of interest, or financial interest or any action taken to determine whether a conflict was present, and the decision by the board as to whether a conflict existed.
- b. The names of the persons who were present for discussions and votes pertaining to the transaction or arrangement, what the discussion was about and a record of votes taken in the proceeding.

Article V
Compensation

- a. A member of the board who votes and receives compensation from CON for services is precluded from voting on matters relating to that members compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

Each Director and principal officer with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy
- b. Has read and understands the policy

- c. Has agreed to comply with the policy, and
- d. Understands the Organization 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.

Article VII
Periodic Reviews

To ensure that Churches Outreach Network 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. They should include these subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on survey information and 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 Churches Outreach Network may use outside advisors, but it is not needed. If they are used the Board shall still be responsible to make sure periodic reviews are conducted.

I have received, read and fully understand Churches Outreach Network Board of Directors Conflict of Interest Policy and fully comply with the conflict of interest policy. I state that other than the interests reported above, I am aware of no actual, apparent or potential conflict of interests, including no known financial interest in the policy in any current or proposed transaction or business arrangement with Churches Outreach Network.

Title of Officer: _____

Date: _____ Signature: _____