

****Note that policies can vary widely, from simple to very complex, depending on the structure, operations and culture of the organization. Following Lindquist LLP has provided a simple sample conflict of interest policy meant to provide a starting point for your organization to discuss and develop its own policy. We urge you to seek the advice of legal counsel to address your specific concerns.***

ABC Organization Sample Conflict of Interest Policy

Purpose

ABC Organization is a non-profit, tax-exempt organization. Maintenance of its tax-exempt status is important for both its continued financial stability and public support. Therefore, the operation of ABC Organization is subject to scrutiny by the IRS as well as state regulatory and tax officials. ABC Organization is accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between ABC Organization and its board, officers and management and the public a fiduciary responsibility, which carries with it a broad and unbending duty of loyalty and fidelity. The board, officers and management have the responsibility of administering the affairs of ABC Organization honestly and prudently, and of exercising the best care, skill and judgment for the sole benefit of ABC Organization. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with ABC Organization or knowledge gained for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

Persons Concerned

This statement is directed not only to directors and officers, but to all management employees who can influence the actions of ABC Organization. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning ABC Organization.

Areas in Which Conflict May Arise

Conflicts of interest may arise in the relations of directors, officers and management with any of the following third parties:

1. Persons and firms supplying goods and services to ABC Organization.
2. Persons and firms from whom ABC Organization leases property and equipment.
3. Persons and firms with whom ABC Organization is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities or other property.
4. Competing or affinity organizations.
5. Donors, members and others supporting ABC Organization.
6. Agencies, organizations and associations which affect the operations of ABC Organization.
7. Family members, friends and other employees.

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Nature of Conflict of Interest

A conflict of interest may be defined as an interest, direct or indirect, with any persons or firms named above in which directors, officers and management of ABC Organization may benefit financially from a decision made in relation to his or her capacity within the Organization.

Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with ABC Organization.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with ABC Organization.
3. Receiving remuneration for services with respect to individual transactions involving ABC Organization.
4. Using ABC Organization's time, personnel, equipment, supplies or goodwill for other than ABC Organization-approved activities, programs and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with ABC Organization. Receipt of any gift is disapproved except gifts of a value less than \$XX. No personal gift of money should ever be accepted.

Interpretation of this Statement of Policy

The areas of conflicting interest listed above, and the relations in those areas which may give rise to conflict, also listed above, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers and management will recognize such areas and relation by analogy.

Disclosure Policy and Procedure

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 [board or a committee thereof] considering the proposed transaction or arrangement.

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The [board or a committee thereof] has determined that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the [chief executive, principal officer] (or if she or he is the one with the conflict, then to the board chair), who shall bring the matter to the attention of the [board or a committee thereof].

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The [board or a committee thereof] shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair and reasonable to ABC Organization. The decision of the [board or committee thereof] on these matters will rest in their sole discretion, and their concern must be the welfare of ABC Organization in the advancement of its purpose.

Annual Statements

Each director, officer and management employee with delegated powers who can influence the actions of ABC Organization shall annually sign a statement which affirms such person:

- Has received a copy of the conflict of interest policy.
- Has read and understands the policy.
- Has agreed to comply with the policy.

Violations of the Conflicts of Interest Policy

If the [board or a committee thereof] has reasonable cause to believe a director, officer or management employee has failed to disclose actual or possible conflicts of interest, it shall inform that individual of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose.

If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the [board or a committee thereof] determines the individual has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ABC Organization
Conflict of Interest Disclosure Statement

Note: In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed "affiliated persons" and include the following:

- Your spouse, domestic partner, child, mother, father, brother or sister.
- Any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
- Any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. Name of employee or board member: (please print)

2. Capacity:

- _____ Board of Directors
- _____ Executive Committee
- _____ Officer
- _____ Committee member
- _____ Staff (position) _____

3. Have you or any of your affiliated persons provided services or property to ABC Organization in the past year?

_____ yes _____ no

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person.

4. Have you or any of your affiliated persons purchased services or property from ABC Organization in the past year?

_____ yes _____ no

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5. Please indicate whether you or any of your affiliated persons had any direct or indirect interest in any business transactions in the past year to which ABC Organization was or is a party?

_____ yes

_____ no

If yes, describe the transaction(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

6. Were you or any of your affiliated persons indebted to pay money to ABC Organization at any time in the past year (other than travel advances or the like)?

_____ yes

_____ no

If yes, please describe the indebtedness and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

7. In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from ABC Organization or as a result of your relationship with ABC Organization, that in the aggregate could be valued in excess of [\$X,XXX] that were not or will not be compensation directly related to your duties to ABC Organization?

_____ yes

_____ no

If yes, please describe the benefit(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving ABC Organization?

_____ yes

_____ no

If yes, please describe the proceeding(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

9. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by ABC Organization's [board or a committee thereof] in accordance with the terms and intent of ABC Organization's conflict of interest policy?

_____ yes

_____ no

If yes, please describe the situation(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

I HEREBY CONFIRM that I have read and received a copy of ABC Organization's conflict of interest policy. I understand and will comply with ABC Organization's conflict of interest policy. I verify that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify [designated officer or director] immediately.

Signature

Date