
Sample Conflict-of-Interest Policy

1. Purpose

The purpose of this Conflict-of-Interest Policy is to protect the integrity of the church's decision-making process, ensure public trust, and comply with IRS best practices for tax-exempt organizations. This policy helps the church identify situations where a board member's personal or financial interests could conflict with the interests of the church.

2. Definitions

2.1 Interested Person

Any board member, officer, pastor, key employee, or committee member with board-delegated powers who has:

- A financial interest (direct or indirect)
- A family relationship with someone who has a financial interest
- A leadership role in an outside organization seeking to do business with the church

2.2 Financial Interest

A person has a financial interest if they or a family member:

- Owns an entity doing business with the church
- Receives compensation or benefits from a transaction with the church
- Has a potential ownership or investment interest in an entity the church is considering

Note: A financial interest is not automatically a conflict — but it must be disclosed and evaluated.

3. Duty to Disclose

An interested person must disclose:

- The existence of any actual or potential conflict
- All relevant facts

- Any financial interest that could reasonably appear to influence their judgment

Disclosure must be made:

- Annually through a signed disclosure form
 - Immediately when a new conflict arises
-

4. Determining Whether a Conflict Exists

After disclosure:

1. The interested person leaves the meeting.
 2. The remaining board members discuss the situation.
 3. The board decides whether a conflict of interest exists.
 4. The decision is recorded in the minutes.
-

5. Procedures for Addressing the Conflict

5.1 Recusal

The interested person:

- Must not participate in discussion
- Must not vote
- Must not attempt to influence the decision

5.2 Independent Review

The board must:

- Consider alternatives (e.g., competitive bids)
- Determine whether the transaction is fair, reasonable, and in the church's best interest
- Approve the transaction by majority vote of disinterested members

5.3 Documentation

Minutes must include:

- The conflict disclosed
 - Who was present
 - Alternatives considered
 - The board’s decision and rationale
 - The vote count
-

6. Compensation Committees

A person who receives compensation from the church:

- Must not vote on their own compensation
- May provide factual information if requested

Note: This aligns with IRS “rebuttable presumption of reasonableness” standards.

7. Annual Statements

Each board member, officer, and pastor must annually sign a statement affirming that they:

- Received and read the policy
 - Understand it
 - Agree to comply
 - Disclosed all potential conflicts
-

8. Annual Disclosure Statement

I have read and understand the Conflict-of-Interest Policy. I agree to comply with the policy and disclose the following real or perceived conflict(s) of interest:

I agree to promptly inform the board if any future event could potentially create for me a conflict of interest.

Date _____ Signature _____

Title _____