

Board Policy Type: Governance Process

Policy Title: Declaration of Conflict of Interest

This Conflict of Interest policy governs the activities of the Board and staff of CommunityIMPACT, Inc. It is the duty of all Board members and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict and to disclose those situations/conflicts/or potential conflicts to

- (i) The employee's supervisor
- (ii) The Executive Director,
- (iii) Chief Governance Officer, or other designated person, as appropriate.

1. **What is a conflict of interest?** A conflict of interest arises when a Board Director, or staff member, has a personal interest that conflicts with the interests of CommunityIMPACT, Inc. or arise in situations where a Board / staff member has divided loyalties (also known as a "duality of interest"). The former can result in situations that result in inappropriate financial gain to persons in authority at CommunityIMPACT, Inc. which can lead to financial penalties and violations of IRS regulations. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in CommunityIMPACT's decision-making process. Both results are damaging to CommunityIMPACT, Inc. and must be avoided.

- *Example #1:* a person in a position of authority over the Organization may benefit financially from a transaction between the Organization and the board/staff member; or others closely associated with the board/staff member may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board/staff member is closely associated, could benefit from similar transactions.
- *Example #2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal interest* such as the situation where a Board member of CommunityIMPACT, Inc. is also a board member of another nonprofit or for-profit entity in the community with which CommunityIMPACT, Inc. collaborates or conducts business.

2. **Who might be affected by this policy?** Typically persons who are affected by a conflict of interest policy are the Board Directors, officers, and executive staff. In some cases a major donor could also be in a conflict situation. CommunityIMPACT, Inc. takes a broad view of conflicts and Board/staff are urged to think of how a situation and/or transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.

3. Disclosure of Conflicts. Board members and executive staff will annually disclose and promptly update any disclosures previously made on an Annual Conflict Disclosure Questionnaire form provided by the Organization that requests them to identify their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members as well as other nonprofit organizations. Directors and staff are also urged to disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Staff should disclose to their supervisor/Executive Director and Board Directors should disclose to the Chief Governance Officer (Board President) as soon as the person with the conflict is aware of the potential conflict - or appearance of a conflict - exists.

4. Procedures to manage conflicts. For each interest disclosed, the full Board, or the Executive Director or CGO, as appropriate, will determine whether the organization should: (a) take no action or (b) disclose the situation more broadly and invite discussion/resolution by the full Board of what action to take, or (c) refrain from taking action and otherwise avoid the conflict.

In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the organization.

- When the conflict involves a decision-maker, the person with the conflict:
 - (i) Must fully disclose the conflict to all other decision-makers;
 - (ii) May not be involved in the decision of what action to take (i.e., may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
- In some cases the person with the conflict may be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.
- In all cases, decisions involving a conflict will be made only by disinterested persons
- The fact that a conflict was managed and the outcome will be documented in the minutes of Board meetings if the conflict was related to a Board member, and reported by the Executive Director to the CGO, if the conflict was related to a staff member.
- The CGO or Executive Director will monitor proposed or ongoing transactions of the organization (i.e., contracts with vendors and collaborations with third parties) for conflicts of interest and disclose them to the Board and staff, as appropriate, whether discovered before or after the transaction has occurred.