Not For Profit World.com

Helping non-profits raise funding and awareness

Conflict Of Interest Policy

Most boards will at one point or another confront conflicts arising from interests of the organization and the interests of individual board members. For example, if your organization is hiring a new executive director and the board president recommends her sister, other board members may (and should) question whether this is appropriate. Experience, education, and various personal qualifications aside, the personal connection to the organization is one to heavily consider in such an instance.

Conflicts of interest are difficult to weigh because of relationships between board members and the community. If the organization is in need of a new brochure and one of your board members owns a print shop, then the organization may benefit from discounts and extra services by purchasing the product from the board member's business.

Three simple rules can help you avoid conflicts of interest:

---

1) establish a policy related to conflicts of interest and have all board members sign it when they join the board.
2) Establish disclosure as a normal practice. For example, if a board member works with a children's agency and the next topic on the agenda is addressing a collaboration with children's agencies then the president should have the member excuse themselves from the discussion and vote.
3) Establish your policies by example. Develop an attitude and atmosphere or personal integrity for staff, volunteers and board members.

By applying these simple rules the board and organization can avoid situations that could be construed as conflicts of interest.

The IRS has published a suggested conflict of interest policy included in the instructions for completing Form 1023 (the Application for Exemption under Section 501(c)(3)). This detailed and comprehensive policy is published *starting on page 25* of **http://www.irs.gov/pub/irs-pdf/i1023.pdf**