



The IRS now asks tax-exempt organizations if they meet certain best practices in nonprofit governance. Among the many changes is a series of questions regarding the organization's conflict of interest policy.

The IRS states that "a conflict of interest arises when a person in a position of authority over an organization, such as an officer, director, or manager, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated."

CONFLICT OF INTEREST POLICY

I. PURPOSE

The purpose of this conflict of interest policy is to protect the interests of Colleyville Woman's Club (CWC), a tax-exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of CWC 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.

II. DEFINITIONS

- A. **Interested Person** – Any director, officer or member of a committee with governing board-delegated powers who has a direct or indirect financial interest, as defined below.
- B. **Transaction or Arrangement** – Any agreement or decision leading to the payment by CWC of charitable funds, including grants, scholarships and expenses of operations and fundraising, or the acceptance of sponsorship or underwriting by a sponsor.
- C. **Financial Interest** – A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
 - 1. An ownership or investment interest in any entity with which CWC has a transaction or arrangement,
 - 2. A compensation arrangement, including acceptance of any gift, entertainment, service, loan or promise of future benefits, with or from any entity or individual with which CWC has a transaction or arrangement, or
 - 3. A potential ownership or investment in, or compensation arrangement with, any entity or individual with which CWC is negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. This policy is not intended to apply to gifts and/or similar entertainment of nominal value that clearly are in keeping with good business ethics and do not obligate the recipient.

A board or committee member present at any meeting will declare any conflict of interest, be it real, potential or apparent, which is not immediately obvious with regard to any matter being discussed.

III. PROCEDURES

A. **Duty to Disclose** – In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

B. **Annual Certification** – Each director will certify at the beginning of each year that she has received, reviewed and understand this policy and that she agrees to comply. The certification will include an acknowledgement of CWC's activities according to its mission in order to maintain its federal tax exemption. The certification will be accompanied by full disclosure by the director of any potential conflicts of interest.

C. **Determination of Whether a Conflict of Interest Exists**

1. The Parliamentarian will catalog the disclosures and present them to the executive committee and to the board.

2. After discussion in the absence of the person, the board will determine by vote whether a conflict exists and is material. If a material conflict exists, the board will determine whether the arrangement or transaction may be authorized as just, fair and reasonable to CWC despite the conflict. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of CWC and the advancement of its purpose.

3. The minutes of the meeting shall contain the names of persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest and the board's decision as to whether a conflict of interest in fact existed.

D. **If the board determines that a person has willfully and knowingly violated this conflict of interest policy, this shall be grounds for disciplinary action up to and including immediate termination of any and all relationships with CWC.** The mere existence of a conflict of interest does not constitute violation of this policy.

