

# Conflict of Interest - Boys & Girls Club Policy Sample

## **Reason for Statement**

XYZ Club, as a nonprofit, tax-exempt organization, depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the operations of XYZ Club first must fulfill all legal requirements. They also depend on the public trust and thus are subject to scrutiny by and accountability to both governmental authorities and members of the public.

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

## **Persons Concerned**

This statement is directed not only to board members and officers, but to all employees who can influence the actions of XYZ Club. For example, this includes all who make purchasing decisions, all other persons who might be described as “management personnel,” and all who have proprietary information concerning XYZ Club.

## **Key Areas in Which Conflict May Arise**

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

- Persons and firms supplying goods and services to XYZ Club
- Persons and firms from whom XYZ Club leases property and equipment
- Persons and firms with whom XYZ Club is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property
- Competing or affinity organizations
- Donors and others supporting XYZ Club
- Family members, friends, and other employees

## **Nature of Conflicting Interest**

A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned in Section [ABC]. Such an interest might arise, for example, through

- owning stock or holding debt or other proprietary interests in any third party dealing with XYZ Club
- holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) by any third party dealing with XYZ Club

- receiving remuneration for services with respect to individual transactions involving XYZ Club
- using XYZ Club's time, personnel, equipment, supplies, or good will other than for approved XYZ Club activities, programs, and purposes
- receiving personal gifts or loans from third parties dealing with XYZ Club. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

### **Interpretation of This Statement of Policy**

The areas of conflicting interest listed in Section [ABC], and the relations in those areas that may give rise to conflict, as listed in Section [DEF], are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the trustees, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section [DEF] exists does not necessarily mean that a conflict exists; or that the conflict, if it exists, is material enough to be of practical importance; or that the conflict, if material enough, upon full disclosure of all relevant facts and circumstances, is necessarily adverse to the interests of XYZ Club.

However, it is the policy of the board that the existence of any of the interests described in Section [DEF] shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of board, officers, and management employees to scrutinize their transactions and external business interests and relationships for potential conflicts and to immediately make such disclosures.

### **Disclosure Policy and Procedure**

Disclosure should be made according to XYZ Club standards. Transactions with related parties may be undertaken only if all of the following are observed:

- A material transaction is fully disclosed in the audited financial statements of the organization;
- The related party is excluded from the discussion and approval of such transaction;
- A competitive bid or comparable valuation exists; and
- The organization's board has acted upon and demonstrated that the transaction is in the best interest of the organization.

Staff disclosures should be made to the chief professional officer (or if he or she is the one with the conflict, then to the designated committee), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the designated committee.

Disclosure involving directors should be made to the designated committee.

The board shall determine whether a conflict exists and is material, and, in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to XYZ Club. The decision of the board on these matters will rest in its sole discretion, and its concern must be the welfare of XYZ Club and the advancement of the Club's purpose.

Excerpted from *The Nonprofit Policy Sampler, Second Edition* by Barbara Lawrence and Outi Flynn (BoardSource).



If yes, please describe the indebtedness:

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7. In the past year, did you or any of your affiliated persons receive, or were entitled to receive, directly or indirectly, any benefits from, or as a result of your relationship with XYZ Club that in the aggregate could be valued in excess of \$1,000 that were not or will not be compensation directly related to your duties to XYZ Club? ( )  
Yes ( ) No

If yes, please describe the benefit:

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8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving XYZ Club? ( ) Yes ( ) No

If yes, please describe the proceeding(s):

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9. Are you aware of any other events, transactions, arrangements, or other situations that you believe should be examined by XYZ Club's board or the executive committee in accordance with the terms and intent of XYZ Club's conflict-of-interest policy? ( )  
Yes ( ) No

If yes, please describe the situation(s):

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I HEREBY CONFIRM that I have read and understand XYZ Club's Conflict-of-Interest Policy and that my responses to the above questions are complete and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

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## Conflict of Interest — Sample Boys & Girls Club Policy

**RESOLVED:** That the Board of Governors of Boys & Girls Clubs of Anytown hereby assigns to the Audit Committee the following duties and responsibilities in the area of Conflict of Interest and Ethics:

1. To implement the long-standing policy of Boys & Girls Clubs of Anytown:  
That the board members and other employees of the organization any should avoid any situation which does or may involve a conflict between their personal interests and the interests of Boys & Girls Clubs of Anytown; and  
  
That it is in the best interest of Boys & Girls Clubs of Anytown that continuing efforts be made to determine whether any such conflicts of interest do now, or may in the future, exist and, if so, to see that the conflicts are eliminated and/or that the interests of Boys & Girls Clubs of Anytown are properly protected; and  
  
That all board members and other employees of Boys & Girls Clubs of Anytown should be alert and diligent to avoid situations or transactions involving conflicts of interest, and where such conflicts of interest do exist, to report the same to Boys & Girls Clubs of Anytown to the end that the interests of Boys & Girls Clubs of Anytown may be properly protected; and  
  
That such board members and other employees of Boys & Girls Clubs of Anytown should bear in mind that counsel has advised the Board that a "conflict of interest" might exist in any situation in which the individual may be in a position to use his position with Boys & Girls Clubs of Anytown for personal gain to the possible detriment of Boys & Girls Clubs of Anytown, whether or not detriment to Boys & Girls Clubs of Anytown actually results;
2. To cause the Chief Professional Officer of Boys & Girls Clubs of Anytown, at least annually, to transmit to all board members and such other employees as may be designated by the chief volunteer officer, a letter which shall conform in all respects to the intent of this resolution, inquiring whether any such board members, officers or other employees are involved in conflict of interest situations of transactions;
3. To cause all such board members, and other employees promptly to report to the Chief Professional Officer of Boys & Girls Clubs of Anytown any situation presently existing, or which shall in the future exist, which might involve a conflict of interest as above defined; and to cause the Chief Professional Officer of Boys & Girls Clubs of Anytown promptly to transmit all such reports to the Audit Committee which Committee shall review and act upon any such conflict of interest which may be reported to it, and in any case which shall be deemed appropriate by the Committee, report the matter to the Board which will review such report and vote upon the action that should be taken in the absence of any board member who may be implicated in such alleged conflict of interest. **(SAMPLE DISCLOSURE LETTER)**

## Conflict of Interest — Sample Disclosure Letter

To the Board of Directors:

The attached copy of a resolution passed by the Board of Directors deals with Boys & Girls Clubs of Anytown's policy on conflicts of interest and ethics. As a matter of practice we require the statements to be filed annually. Please become familiar with the policy and respond to the statement below. If your response is negative, please separately describe each exception resulting in your negative response.

*I have read and understand the Board resolution dealing with the Boys & Girls Clubs of Anytown's policy on conflicts of interest and ethics. To the best of my knowledge and belief:*

*A. I am in compliance with such policy*

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*Signature*

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*Printed Name*

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*Date*

*B. I am not in compliance with such policy (explanation attached)*

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*Signature*

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*Printed Name*

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*Date*

Please return to: Chief Professional Officer  
Boys & Girls Clubs of Anytown  
1234 Main Street  
Anytown, XY 99999

Source: BGCA BoardRoom