

**HOLY TRINITY EPISCOPAL CHURCH VESTRY  
BOWIE, MD**

**CONFLICT OF INTEREST POLICY**

**I. PURPOSE**

The purpose of the conflict of interest policy is to protect Holy Trinity Episcopal Church's (Holy Trinity) interest when it is contemplating entering into a transaction or arrangement or engaged in oversight activities or decision-making that might benefit the private interest of a Vestry member or member of the church staff. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

The Vestry has a duty to administer the business and financial interests of Holy Trinity honestly and prudently and of exercising their best care, skill, and judgment for the sole benefit of Holy Trinity. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with Holy Trinity or knowledge gained there from for their personal benefit. The interests of the church must have the first priority in all decisions and actions.

**II. DEFINITIONS**

*Conflict of interest:* A conflict of interest arises when a person in a position of authority over an organization, such as a Vestry member or Rector, may benefit personally from a decision he or she could make. **A financial or personal interest is not necessarily a conflict of interest. Under Section III, a person who has a financial or personal interest may have a conflict of interest only if the Vestry decides that a conflict of interest exists.**

*Conflict of interest policy:* A conflict of interest policy consists of a set of procedures to follow to avoid the possibility that those in positions of authority over an organization may receive an inappropriate benefit.

*Compensation:* Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

*Financial interest:* A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which Holy Trinity has a transaction or arrangement,
- b. A compensation arrangement with Holy Trinity or with any entity or individual with which Holy Trinity has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Holy Trinity is negotiating a transaction or arrangement.

*Interested person:* Any voting or non-voting Vestry member, church staff, or member of a committee in which the Vestry has delegated powers, who has a direct or indirect financial or personal interest, as defined above, is an interested person.

### **III. PROCEDURES**

#### **Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial or personal interest and be given the opportunity to disclose all material facts to the Vestry and regarding the proposed transaction or arrangement or other personal or financial interest.

#### **Determining Whether a Conflict of Interest Exists**

After disclosure of the financial or personal interest and all material facts, and after any discussion with the interested person, he/she shall leave the Vestry meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Vestry members shall decide if a conflict of interest exists.

#### **Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the Vestry meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The Rector or Wardens shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Vestry shall determine whether Holy Trinity can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Vestry shall determine by a majority vote of the disinterested Vestry members whether the transaction or arrangement is in Holy Trinity' best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

### **IV. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY**

If the Vestry has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Vestry determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate action.

### **V. RECORDS OF PROCEEDINGS**

The minutes of the Vestry and all committees with Vestry delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial or personal interest in connection with an actual or possible conflict of interest, the

nature of the financial or personal interest, any action taken to determine whether a conflict of interest was present, and the Vestry's decision as to whether a conflict of interest in fact existed.

**b.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **VI. VESTRY COMPENSATION AND PERIODIC REVIEWS**

Voting members of the Vestry do not receive compensation, directly or indirectly, from the Organization for their services to Holy Trinity.

To ensure Holy Trinity operates in a manner consistent with non-profit purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

**a.** Whether staff compensation arrangements and benefits are reasonable, based on relevant market rates.

**b.** Whether partnerships, joint ventures, and arrangements with management organizations conform to Holy Trinity' written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further Holy Trinity' purposes and do not result in impermissible private benefit or in an excess benefit transaction.

## **VII. ANNUAL STATEMENTS**

Each Vestry member, management staff member, and member of a committee with governing Vestry delegated powers shall annually, or at the occasion of a change to the conflict of interest policy, sign a statement which affirms such person:

**a.** Has received a copy of the conflicts of interest policy,

**b.** Understands the Organization is a non-profit organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**c.** Has read and understands the policy, and

**d.** Has agreed to comply with the policy.

When conducting the periodic reviews, Holy Trinity may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Vestry of its responsibility for ensuring periodic reviews are conducted.

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