

# **Bible Fellowship Church**

## **Conflicts of Interest Policy**

### **1. Reason for Policy**

As a ministry initiated and sustained by God, the Bible Fellowship Church has a mandate to conduct all of its affairs decently and above reproach both in the sight of God and man. That accountability includes a commitment to operate with the highest level of integrity and to avoid conflicts of interest. This duty is underscored by Standard #6 of the Evangelical Council for Financial Accountability (ECFA).

As a nonprofit, tax-exempt entity, the Bible Fellowship Church 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 IRS and state corporate and tax officials view the operations of the Bible Fellowship Church as a public trust, account-able to both governmental authorities and members of the public.

Among the Bible Fellowship Church and its Board, Directors, and other management employees, there exists a fiduciary duty, which carries with it a broad and unbending duty of loyalty. The Board, Directors, and management employees are responsible for administering the affairs of the Bible Fellowship Church honestly and prudently, and for exercising their best care, skill, and judgment for the sole benefit of the Bible Fellowship Church. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Bible Fellowship Church or knowledge gained there from for their personal benefit. The interests of the Bible Fellowship Church must have the first priority, and all purchases of goods and services must be affected on a basis that secures for the Bible Fellowship Church full competitive advantages as to product, service, and price.

### **2. Persons Concerned**

This statement is directed to Executive Board members and Directors, as well as those employees annually designated by the Board who influence the actions of the Bible Fellowship Church or its Board, or make commitments on their behalf. For example, this would include all who make purchasing decisions, all other persons who might be described as “management personnel,” and all who have proprietary information concerning the Bible Fellowship Church.

### **3. Areas in Which Conflicts May Arise**

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

- 3.1 Persons or entities supplying goods and services to the Bible Fellowship Church or one of its Departments.
- 3.2 Persons or entities from which the Bible Fellowship Church leases property and equipment.
- 3.3 Persons or entities with whom the Bible Fellowship Church is dealing or planning to deal in connection with the gift, purchase, or sale of real estate, securities, or other property.
- 3.4 Other ministries or nonprofit organizations that affect the operations of the Bible Fellowship Church.

- 3.5 Donors and others supporting the Bible Fellowship Church.

#### **4. Nature of Conflicting Interest**

A material conflicting interest may be defined as an interest, direct or indirect, between any person or entity mentioned in Section 3, and a Director or management employee, which might affect, *or might reasonably be thought by others to affect*, the judgment or conduct of a Director or management employee of the Bible Fellowship Church. Such an interest might arise through:

- 4.1 Owning stock or holding debt or other proprietary interests in any third party dealing with the Bible Fellowship Church.
- 4.2 Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed) in any third party dealing with the Bible Fellowship Church.
- 4.3 Receiving remuneration for services with respect to individual transactions involving the Bible Fellowship Church.
- 4.4 Using the Bible Fellowship Church's personnel, equipment, supplies, or goodwill for other than Bible Fellowship Church-approved activities, programs, and purposes.
- 4.5 Receiving personal gifts or loans from third parties dealing with the Bible Fellowship Church. (Receipt of any gift is disapproved except gifts of nominal value, which could not be refused without discourtesy. No personal gift of money should ever be accepted.)
- 4.6 Obtaining an interest in real estate, securities, or other property that the Bible Fellowship Church might consider buying or leasing.
- 4.7 Expending staff time during the Bible Fellowship Church's normal business hours for personal affairs to the detriment of work performance for the Bible Fellowship Church.

#### **5. Indirect Interests**

As noted above, conflicting interests may be indirect. A Director or management employee will be considered to have an indirect interest in another entity or transaction if any of the following also have an interest:

- 5.1 A family member of a Director or management employee. (Family member is defined for these purposes as all persons related by blood or marriage.)
- 5.2 An estate or trust of which the Director or management employee or member of his family is a beneficiary, personal representative, or trustee.
- 5.3 A company of which a member of the family of the Director or management employee is an officer, director, or employee, or in which he has ownership or other proprietary interests.

#### **6. Interpretation of This Policy**

The areas of conflicting interest listed above and the relations in those areas which may give rise to conflict, are not exhaustive. Conceivably, conflicts might arise in other areas or through

other relations. It is assumed that the Directors and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 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 if material, that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to the interests of the Bible Fellowship Church. However, *it is the policy of the Board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated.* It shall be the continuing responsibility of Directors and management employees to scrutinize their transactions with outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Disclosure should be made to the Executive Director (or if he is the one with the conflict, then to the Chairman of the Executive Board), who shall bring these matters to the attention of the Executive Board. The Executive Board shall then 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 as to the Bible Fellowship Church. The decisions on these matters are the sole discretion of the Executive Board. The Executive Board's first concern must be the welfare of the Bible Fellowship Church and the advancement of its purposes.

### **Certification**

I have carefully read the foregoing Statement of Policy concerning Conflicts of Interest and the accompanying Resolution of the Bible Fellowship Church Executive Board. In signing this certificate, I have considered not only the literal expression of the policy, but also its intents. I hereby certify that, *except as hereinafter stated*, I do not, to the best of my knowledge: (1) have any of the relations with any person or firm of the classes listed above; and (2) I have no interests conflicting with the interests of this Bible Fellowship Church, nor do I have any relationship that may appear conflicting.

THE EXCEPTIONS ARE:

If any situation should arise in the future which I believe may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the Executive Director or the Chairman of the Executive Board, directly or through my immediate superior.

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(Signature)

(Date)

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## **Related-Party Board Resolution**

RESOLVED, that in order to assist the Bible Fellowship Church in avoiding harm from conflicts of interest between the Bible Fellowship Church and its board members, officers, or management staff, the following conflict of interest policy is hereby adopted. It is hereby established as the policy of the Bible Fellowship Church that Related-Party Transactions (as defined below) must meet the following requirements:

1. For the purposes of this Policy, the term “Related Party” shall mean any member of the Bible Fellowship Church Executive Board, Director, or Department manager of the Bible Fellowship Church, or any relative of any such person within the second degree, whether related by blood or marriage, and any organization in which any such person(s) is an owner, partner, or shareholder.
2. In addition, for the purposes of this Policy, the term “Related-Party Transaction” shall mean any relationship between the Bible Fellowship Church and a Related Party pursuant to which the Bible Fellowship Church or any of its Departments is to pay compensation for services, materials, or products.
3. If the transaction is one that would lend itself to competitive bidding, management shall obtain not less than two (and preferably three or more) competing bids or proposals to provide the desired products and/or services. In soliciting and accepting such bids or proposals, management shall not provide any person who is solicited to bid or who actually bids on the contract with access to any information contained in any of the bids of others until after the contract has been awarded by the Bible Fellowship Church Executive Board or any of its Departments. Any information given to or any questions asked of any bidder shall be given to or asked of each and every other bidder. It shall be noted, however, that the contract does not necessarily have to be awarded to the person making the lowest price bid, if management is otherwise persuaded that to contract with a person who has not made the lowest bid would be in the best interest of the Bible Fellowship Church. A decision maker—that is, a Director, or manager—should never be in a position to deal directly with a relative in a related-party transaction.
4. A Related-Party Transaction in which a division director or department manager is a Related Party must be approved by the Executive Director prior to any commitment by the Bible Fellowship Church or any of its Departments to any such transaction. All of the material terms and conditions of the Related-Party Transaction shall be described in writing and provided to the Executive Director, together with the written request for approval of any such Related-Party Transaction.
5. Related-Party Transactions of amounts greater than \$1,000 in which any member of the Bible Fellowship Church Executive Board or any Director is a Related Party shall be approved by the Executive Board. This shall be determined by a vote of not less than a majority of the members present, without including the vote of any director who is a Related Party in the Related-Party Transaction. All of the material terms and conditions of the

Related-Party Transaction shall be described in writing and provided to the Executive Board prior to the Bible Fellowship Church Executive Board's being committed to any such contract.

6. Related-Party Transactions which provide for ongoing or continuing services or product sales to the Bible Fellowship Church or any of its Departments on an as-needed basis shall be reviewed and approved by the Executive Director or the Executive Board, as the case may require. This shall occur not less often than once each year, and will not require a transaction-by-transaction approval.

## CONFLICT OF INTEREST/RELATED PARTY QUESTIONNAIRE

A conflict of interest may relate to you, your spouse, family members, business interests, and/or associates. Conflicts of interest may arise when one party has the ability to significantly influence the management or operating policies of the other, to the extent that one of the transacting parties might be prevented from fully pursuing the interests of (the name of the Bible Fellowship Church) rather than his/her own separate or related-party interests.

Considering the period from \_\_\_\_\_ to date:

	Yes*	No
1. I (or a party related to me) hold, directly or indirectly, a position of financial interest in an outside concern from which the Bible Fellowship Church secures goods or services.	_____	_____
2. I (or a related party of mine) render directive, managerial, or consultative services to, or am an employee of, any outside concern that does business with (name of Bible Fellowship Church).	_____	_____
3. I have accepted gifts or other benefits from any outside concern that does, or is seeking to do, business with (name of Bible Fellowship Church).	_____	_____
4. I have participated in management decisions concerning transactions that affect or benefit me, my family, or my personal financial interests (other than ordinary management decisions on employment matters such as compensation).	_____	_____
5. I (or a related party of mine) have been indebted to (name of Bible Fellowship Church) at some time during the above stated period. If so, please note the nature, date, terms, and amount.	_____	_____
6. (Name of Bible Fellowship Church) has been indebted to me (or a related party of mine) at some time during the above stated period. If so, please note the nature, date, terms, and amount.	_____	_____

\*If you answered "Yes" to any of these statements, please provide further explanation and information on any related-party transactions.

(Signature)

(Date)

