

## **SAMPLE CONFLICT OF INTEREST POLICIES FOR NEW HAMPSHIRE CHARITABLE ORGANIZATIONS**

The following sample policies are provided as guidance to New Hampshire charitable organizations that are required to adopt conflict of interest policies pursuant to RSA 7:19-a, IV. Typically, these policies become a part of the organization's by-laws. Before adopting any policy, organizations should review the statutory requirements in their entirety and should consider consulting with legal counsel.

### **Sample Policy #1:**

1. Disclosure Statement. Each Director, prior to taking his or her position on the Board shall submit to the Chair of the Board a written statement of all businesses and other organizations of which the director or his/her immediate family members is an officer, director, trustee, member, owner (including sole proprietor, partner or shareholder), or employee. The Director's statement may be limited to businesses or organizations that do or might reasonably in the future may enter into, a relationship or a transaction with this organization. Thereafter each Director shall submit an updated statement annually at the time of the election of Directors. The Chair of the Board shall develop a form for the statement. The Chair of the Board shall become familiar with the statements of all Directors in order to guide his or her conduct should a conflict arise.
  
2. Voting. At such time as any matter comes before the Board in such a way to give rise to a conflict of interest, the affected Director shall make known the potential conflict, whether disclosed by his or her statement or not, and after answering any questions that might be asked of him or her, shall withdraw from the meeting for so long as the matter shall continue under discussion. In addition, other Directors who themselves had pecuniary benefit transactions with this organization within the same fiscal year should also not be present and not participate in the discussion. Should the matter be brought to a vote, neither the affected Director nor any other Director with a pecuniary benefit transaction with this organization in the same fiscal year shall vote on it. The Board shall comply with all the requirements of New Hampshire law where conflicts of interest are involved, including but not limited to the requirement of a two-thirds vote of a quorum of disinterested Directors and, if the financial benefit exceeds \$5,000 in a fiscal year, publication in the required newspaper, and disclosure to the Charitable Trusts Unit.
  
3. Statutory Requirements. The New Hampshire statutory requirements dealing with pecuniary benefits (RSA 7:19-a and RSA 292: 6-a) are hereby incorporated in full into and made an integral part of this conflict of interest policy; and a copy of the relevant New Hampshire statutes are attached hereto so that every Director is aware of the statutory requirements. These requirements include, but are not limited to, absolute prohibitions on loans from a charitable organization to a director or officer and prohibition of any sale or lease (for a term greater than five years) or conveyance of real estate from an officer or director without the prior approval of the probate court. These requirements extend to both direct and indirect financial interests, as defined by the attached statutes.

## **Sample Policy # 2:**

1. Disclosure and Voting Requirements. Any possible conflict of interest on the part of any Director or Officer shall be disclosed in writing to the Board and made a matter of record through an annual procedure. In addition, the Director or Officer shall disclose any conflict of interest when a specific issue or transaction comes before the Board. Where the transaction involving a board member, trustee or officer exceeds five hundred dollars (\$500) but is less than five thousand dollars (\$5,000) in a fiscal year, a two-thirds vote approving the transaction is required. Where the transaction involved exceeds five thousand dollars (\$5,000) in a fiscal year, a two-thirds vote approving the transaction and publication of a legal notice in the required newspaper is mandatory, together with written notice to the Charitable Trusts Unit. The minutes of the meeting shall reflect that a disclosure was made; that the interested Director and all other Directors with a pecuniary transaction with the charity during the fiscal year were absent during both the discussion and the voting on the transaction. Every new member of the Board will be advised of this policy upon entering the duties of his or her office and shall sign a statement acknowledging understanding of and agreement to this policy.

2. Other Statutory Requirements. The Board will comply with all requirements of New Hampshire law dealing with pecuniary benefit transactions (RSA 7:19-a and RSA 292: 6-a) and all such laws are incorporated in full into and made a part of this policy statement. These requirements include, but are not limited to, an absolute prohibition on any loans to any director or, and prohibition of any sale or lease (for a term greater than five years) or conveyance of real estate from or to an officer or director without the prior approval of the probate court. These requirements extend to both direct and indirect financial interests, as defined by the statutes.