

# Conflict of Interest Policy

## MaxFund Inc.

Updated September 2011

This conflict of Interest Policy governs the activities of the board and staff of MaxFund Inc. Questions about the policy should be directed to Nanci Suro, Executive Director or if she is not in office, the current Executive Director. It is the duty of all board members and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict to disclose those situations/conflicts/or potential conflicts to (i) the employee's supervisor (ii) the executive director, (iii) the President of the Board, as appropriate. This policy provides guidelines for identifying conflicts, disclosing conflicts and procedures to be followed to assist MaxFund Inc. manage conflicts of interest and situations that may result in the appearance of a conflict.

**What is a conflict of interest?** A conflict of interest arises when a board or staff member has a personal interest that conflicts with the interest of MaxFund Inc. or arise in situations where a board member has divided loyalties (also known as a "duality of interest). The former can result in situations that result in inappropriate financial gain to person in authority at MaxFund Inc. which can lead to financial penalties and violations of IRS regulations. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in MaxFund Inc.'s decision-making process. Both results are damaging to MaxFund Inc. and are to be avoided.

**Who might be affected by this policy?** Typically persons who are affected by a conflict of interest policy are Board members, officers, and senior staff. In some cases a major donor could also be in a conflict situations. MaxFund Inc. takes a broad view of conflicts and board/staff are urged to think of how a situation/transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.

**Disclosure of Conflicts.** Board members and senior staff will annually disclose and promptly update any disclosures previously made (President of the Board) on any previously disclosed Reports. The board will be asked to identify any conflicts of interest with other nonprofit organizations, transactions or affiliations with other businesses.

**Procedures to manage conflicts.** For each interest disclosed, the full board, will determine whether the organization should: (a) take no action or (b) disclose the situation more broadly and invite discussion/resolution by the full board of what action to take, or (c) refrain from taking action and otherwise avoid conflict.

When conflict involves a decision-maker, the person with the conflict (“interested party”):

- (i) Must fully disclose the conflict to all decision makers;
- (ii) May not be involved in decision of what action to take but may serve as a resource to provide other decision-maker with needed information.

In some cases the person with the conflict may be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.

In all cases, decisions involving a conflict will be made only to disinterested persons.

The fact that a conflict was managed and the outcome will be documented in the minutes of the board meetings if the conflict was related to a board member, see MaxFund By-laws addressing conflict issues.

*This document was adapted from Nonprofitrisk.org*