



## **CONFLICT-OF-INTEREST POLICY FOR DIRECTORS, OFFICERS, AND EMPLOYEES**

1. **Scope.** The following statement of policy applies to each member of the board, to each officer of Independent Sector, and to all persons employed by Independent Sector, regardless of position.
2. **Responsibility.** Directors, officers, and staff serve the public interest and thus have a clear obligation to the concept that all decisions of the board, officers, and employees of Independent Sector are to be made solely on the basis of a desire to promote the best interests of the organization and the public good.

Individuals inevitably are involved in the affairs of other institutions and organizations. Effective boards and organizations will include individuals who have relationships and affiliations that may raise questions about perceived conflicts of interest. Although many such potential conflicts are and will be deemed inconsequential, every director, officer and key employee has the responsibility to ensure the entire board is made aware of situations that involve personal, familial, or business relationships that could create a real or perceived conflict of interest. Thus, the board requires each director, officer and key employee annually (a) to be familiar with the terms of this policy; (b) to disclose to the board chair any possible personal, familial, or business relationships that reasonably might give rise to a conflict involving Independent Sector; and (c) to acknowledge by his or her signature that he or she is in accord with the letter and spirit of this policy.

3. **Disclosure of Conflicts With Respect to Potential Financial Transactions.** In the event any financial transaction involving Independent Sector also involves (a) a director, officer, employee or a member of their family, or (b) an organization with which any director, officer, or employee of IS has a direct or indirect financial interest, the director, officer, or employee having the affiliation or interest, at the first knowledge of the transaction, shall disclose fully the precise nature of the interest or involvement.
4. **Disclosure Statement.** Each board member, officer, and key employee of Independent Sector shall be requested annually by Independent Sector to submit a disclosure statement describing the nature of any direct or indirect business transactions with Independent Sector during the year, including those ongoing from prior years. In the event there is any material change in the information contained in any disclosure statement, the person who submitted it shall promptly submit written notification of the change.

A director, officer, or employee is deemed to be affiliated with any organization that may be potentially related to the financial operation of Independent Sector (a) of which he or she, or a member of his or her family, is a director, officer, trustee, partner, employee, or agent; or (b) in which he or she or members of his or her family receive direct financial benefit from sales or services; or (c) in which he or she individually or in combination with members of his or her family have a 5 percent or greater interest.

The term family shall be deemed to include an individual's spouse and children (including legally adopted children), and members of that individual's household, parents, grandparents, great grandparents, siblings (whether by whole or half-blood), spouse of that individual's siblings, children, grandchildren and great grandchildren and members of that individual's household.

In no way should this policy be interpreted to imply that directors, officers, or employees should reveal any political, religious, ethnic, fraternal or civic affiliations.

5. **Administration.** All disclosures required under this policy and amendments thereto, if by directors, shall be directed in writing to the chair of the board, or if by employees, to the President. The chair of the board and the president shall be responsible for the administration of this policy. Issues under this policy concerning directors and officers shall be reported initially to the chair of the board for appropriate action; those concerning staff shall be referred initially to the President. Information disclosed under this policy shall be held in confidence by the persons authorized to receive and act upon it except where, in the judgment of any of such persons, the best interest of the organization requires further disclosure. This review process shall be reported annually to the board by the chair.
6. **Restraint on Participation.** A director or officer who has declared or has been found to have a conflict-of-interest in any proposed transaction or other matter shall refrain from participating in consideration of the proposed transaction or other matter, unless for special reasons the Board of Directors requests information or interpretation from the person or persons involved. In the case of a director, he or she shall not vote on the matter in question and shall not be present at the time of the vote. With respect to restraint on participation by staff, the president, or, where applicable, the chair shall take such action as is necessary to assure that the transaction is completed in the best interests of Independent Sector without the substantive involvement of the person who has the possible conflict-of-interest.
7. **Advance Determinations.** Any board member who is uncertain about a possible conflict-of-interest in any matter may request the Executive Committee to determine whether a conflict in fact exists; the Executive Committee shall resolve the question by majority vote. If required, the question of potential conflict may be referred to counsel for an opinion prior to the Executive Committee vote.

*Amended: December 5, 2006*

*Amended: December 7, 2011*

*Re-adopted: April 25, 2019*



**IRS Form 990**  
**Annual Questionnaire for Officers, Directors and Key Employees Regarding**  
**Independent Directors and Business and Family Relationships**

The following information is solicited in accordance with IRS guidance and the IS Conflict of Interest Policy:

**I. Transactions with Interested Parties (Schedule L)**

Business transactions include, but are not limited to, contracts of sale, lease, license, and performance of services, whether initiated during the organization's current year or ongoing from a prior year.

During 2020:

- a. Did you have a direct business transaction with Independent Sector (other than as a board member or key employee)? YES \_\_\_\_\_ NO \_\_\_\_\_
- b. Did you have an indirect business transaction through ownership of more than 35%, either individually or collectively with other board members or key employees, in another entity that had a business transaction with Independent Sector? YES \_\_\_\_\_ NO \_\_\_\_\_
- c. Did you have a family member who had a direct or indirect business transaction with Independent Sector? YES \_\_\_\_\_ NO \_\_\_\_\_
- d. Did you serve as an officer, director, trustee, or key employee of an entity (other than a 501(c) tax-exempt organization) which had a business transaction with Independent Sector?  
YES \_\_\_\_\_ NO \_\_\_\_\_
- e. Did you serve as a partner or member with an ownership interest in excess of 5% (including ownership interest by a family member) of a partnership which had a business transaction with Independent Sector? YES \_\_\_\_\_ NO \_\_\_\_\_
- f. Are you a shareholder with an ownership interest in excess of 5% (including ownership interest by a family member) of a professional corporation which had a business transaction with Independent Sector? YES \_\_\_\_\_ NO \_\_\_\_\_

For all YES responses, please provide:

Relationship between you and the organization:

Amount of transaction:

Description of transaction:

Was there any sharing of the organization's revenues?

## II. Governance

During 2020:

a. Did you have a family relationship with any other board members or key employees?

*The family of an individual includes his or her spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren, and great grandchildren.*

YES \_\_\_\_\_ NO \_\_\_\_\_

If YES, please describe.

b. Did you have a business relationship with any other board members or key employee?

*Business relationships between two persons include the following:*

*1) One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee, or greater-than-35% owner.*

*2) One person is transacting business with the other (**other than in the ordinary course of either party's business on the same terms as are generally offered to the public**), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner.*

3) *The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.*

YES \_\_\_\_\_ NO \_\_\_\_\_

If YES, please describe.

Board Member or Key Employee Name: \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Thank you for your commitment to Independent Sector. Please return this document to Gina Strickland. If you have questions, please contact Gina at (202) 467-6135 or via email at [ginac@independentsector.org](mailto:ginac@independentsector.org).

*Approved: December 7, 2011*

*Re-adopted: April 25, 2019*