



CONFLICTS OF INTEREST POLICY

Approved by Board of Directors 11/18

1. Reason for Statement

As a ministry initiated and sustained by God, FRIENDS In Action International (FIAI) 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 organization, FIAI 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 the Missouri & Pennsylvania corporate and tax officials view the operations of FIAI as a public trust, accountable to both governmental authorities and members of the public.

Among the Board members and staff persons of FIAI, there exists a fiduciary duty, which carries with it a broad and unbending duty of loyalty and integrity. The Board members and staff persons are responsible for administering the affairs of the organization honestly and prudently, and for exercising their best care, skill, and judgment to benefit only the organization. These persons shall exercise their utmost good faith in all transactions involved in their duties, and they shall not use their positions with FIAI or knowledge gained from the organization for their personal benefit. The interests of FIAI must have the first priority. Therefore, all purchases of goods and services must be secured in a manner that gives the organization full competitive advantages as to product, service, and price.

It is gratefully acknowledged that the Board members and staff persons zealously pursue contacts of their own and through their family members to secure financial support and favorable services and purchasing for FIAI. It is also acknowledged that there might be possibility for misunderstanding, in the eyes of the world, as we utilize these contacts in conducting business for FIAI. It is with the intent of being "above reproach" that this Conflict of Interest Policy is set forth.

2. Persons Concerned

This statement is directed to all Board members and staff persons who influence the actions of FIAI or make commitments on its behalf. For example, this would include all who make purchasing decisions, might be described as "management personnel," or who have exclusive information about the organization.

3. Areas in Which Conflicts May Arise

Conflicts of interest may arise in the relations of Board members and staff persons with any of the following third parties:

- 3.1 Persons or entities supplying goods and services to FIAI.
- 3.2 Persons or entities from which FIAI leases property and equipment.
- 3.3 Persons or entities with whom FIAI 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.
- 3.5 Donors and others who support FIAI.
- 3.6 Agencies, organizations, and associations that affect the operations of FIAI.

4. Description of Conflicting Interest

A conflict of interest may be defined as a competing interest, direct or indirect, between any person or entity mentioned in Section 3, and a Board member or staff person, which might affect, *or might reasonably be thought by others to affect*, the judgment or conduct of that person. Such an interest might arise through:

- 4.1 Owning stock, holding debt or other financial interests in a third party that deals directly with FIAI.
- 4.2 Holding office, serving on a board, participating in management, or being otherwise employed (or formerly employed) in any third party dealing with FIAI.
- 4.3 Receiving payment for services with respect to individual transactions involving FIAI.
- 4.4 Using FIAI's personnel, equipment, supplies, or goodwill for any other purpose than organization-approved activities, programs, and purposes.
- 4.5 Receiving personal gifts or loans from third parties dealing with FIAI. (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 FIAI might consider buying or leasing.
- 4.7 Expending staff time during FIAI's normal business hours for personal affairs or for other organizations, civic or otherwise, to the detriment of work performance for FIAI.

5. Indirect Interests

As noted above, conflicting interests may be indirect. A Board member or staff person will be considered to have an indirect interest in another entity or transaction if any of the following have an interest in the entity or transaction:

- 5.1 A family member (by blood or marriage) of a Board member or staff person.
- 5.2 An estate or trust, of which the Board member, staff person or family member is a beneficiary, personal representative, or trustee.
- 5.3 A company, of which a member of the family of a Board member or staff person is an owner, officer, director, employee, or has other financial interests.

6. Interpretation of This Statement of Policy

The areas of conflicting interest listed in Section 3 and the type of situations where a conflict might arise, as listed in Sections 4 and 5, are not exhaustive. Possibly, conflicts might arise in other areas or through other relations. It is assumed that Board members and staff persons will recognize such areas and situations by comparing them to the above examples.

The fact that one of the interests described in Sections 4 and 5 exists, does not necessarily mean that a conflict exists, or that the conflict, if it exists, is significant enough to be of practical importance. Also it does not mean that if a conflict is real, that upon full disclosure of all relevant facts and circumstances that it is necessarily unfavorable to the interests of FIAI. In fact, we recognize that it may be because of a “conflict” that FIAI is receiving a benefit or preferential service. However, as a precaution and testimony of integrity so that questions or suspicions can never be raised, *it is the policy of the Board that the existence of any of the interests described in Sections 4 and 5 shall be disclosed before any transaction is consummated.* It is through this process of disclosure that we under gird our reputation for integrity.

It will be the continuing responsibility of Board members and staff persons to examine 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 Board), who will then bring these matters to the attention of the Board. The Board shall then determine whether a conflict exists and if it is significant. If they determine that there is a conflict of interest, they will decide whether the proposed transaction is in the best interest of FIAI and should be approved. The decisions on these matters are the sole discretion of the Board. The Board’s first concern must be the welfare of FIAI and the advancement of its purposes.

CERTIFICATION

I have carefully read this FIAI Conflicts of Interest Policy. I have considered not only what is contained literally in this policy, but also its purpose and intent. By signing below, I certify that, *except as stated below*, I do not, to the best of my knowledge: (1) have any of the relations described in Sections 4 and 5 with any person or firm of the type listed in Section 3; and (2) I have no interests conflicting with the interests of FIAI, 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 Board, directly or through my immediate superior.

(Signature)

(Date)

**FRIENDS IN ACTION, INTERNATIONAL
CONFLICT OF INTEREST/RELATED PARTY**

Approved by Board of Directors 3-18-05

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 Friend in Action, International (FIAI) rather than his/her own separate or related-party interests.

Considering the period from _____ to _____ :

	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 FIAI 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 FIAI.	_____	_____
3. I have accepted gifts or other benefits from any outside concern that does, or is seeking to do, business with FIAI.	_____	_____
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 FIAI at some time during the above stated period. If so, please note the nature, date, terms, and amount.	_____	_____
6. FIAI 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)