



VILLAGE BIBLE CHURCH

CONFLICT OF INTEREST

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CONFLICTS OF INTEREST POLICY

1. Reason for Statement

As a church initiated and sustained by God, the organization 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 ECFA (Evangelical Council for Financial Accountability).

As a nonprofit, tax-exempt entity, Village Bible 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 organization as a public trust, account-able to both governmental authorities and members of the public.

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

2. Persons Concerned

This statement is directed to Trustees and officers, as well as those employees annually designated by the Board who influence the actions of Village Bible 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 church.

3. Areas in Which Conflicts May Arise

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

- 3.1 Persons or entities supplying goods and services to the church.
- 3.2 Persons or entities from which Village Bible Church leases property and equipment.
- 3.3 Persons or entities with whom Village Bible Church is dealing or planning to deal in connection with the gift, purchase, or sale of real estate, securities, or other property.
- 3.4 Persons or entities paying honoraria or royalties for products or for services delivered by Village Bible Church for its agents or employees.
- 3.5 Other ministries or nonprofit organizations.
- 3.6 Donors and others supporting the church.
- 3.7 Stations or programmers that carry the church’s programming.
- 3.8 Agencies, organizations, and associations that affect the operations of the 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 an elder, officer, or management employee, which might affect, *or might reasonably be thought by others to affect*, the judgment or conduct of an elder, officer, or management employee of the 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 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 church.
- 4.3 Receiving remuneration for services with respect to individual transactions involving the church.
- 4.4 Using the church's personnel, equipment, supplies, or goodwill for other than church-approved activities, programs, and purposes.
- 4.5 Receiving personal gifts or loans from third parties dealing with the 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 Village Bible Church might consider buying or leasing.
- 4.7 Expending staff time during the church's normal business hours for personal affairs or for other organizations, civic or otherwise, to the detriment of work performance for the church.

5. Indirect Interests

As noted above, conflicting interests may be indirect. An elder, officer, 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 an elder, officer, 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 an elder, officer, 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 an elder, officer, or management employee is an officer, director, or employee, or in which he has ownership or other proprietary interests.

6. Interpretation of this Statement of Policy

The areas of conflicting interest listed in Section 3 and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that an elders, officers, 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 organization. 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 Trustees, officers, 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 Pastor (or if he is the one with the conflict, then to the Chairman of the Board), who shall bring these matters to the attention of the Board. The 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 church. The decisions on these matters are the sole discretion of the Board. The Board's first concern must be the welfare of Village Bible Church and the advancement of its purposes.



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

