

**Lighthouse of Broward County, Inc.
Policies and Procedures**

TITLE OF POLICY: Conflict of Interest

PURPOSE:

The Lighthouse of Broward County, Inc. (hereinafter “the LHOB”) Conflict of Interest Policy governs the activities of the Board and staff of the LHOB. Questions about the policy should be directed to the Executive Director or the Board President. 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 and to disclose those situations/conflicts/or potential conflicts to (i) the employee’s supervisor (ii) the Executive Director, (iii) the President of the Board or other designated person, as appropriate. This policy provides guidelines for identifying conflicts, disclosing conflicts and procedures to be followed to assist the LHOB in managing conflicts of interest and situations that may result in the appearance of a conflict.

GENERAL POLICY:

A conflict of interest arises when a board member or staff member has a personal interest that conflicts with the interests of the LHOB. or in situations where a board/staff member has divided loyalties (also known as a “duality of interest”). The former can result in situations that result in inappropriate financial gain to persons in authority at the LHOB. 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 the LHOB’s decision-making process. Both results are damaging to the LHOB. and are to be avoided.

- *Example #1:* a person in a position of authority over the organization may benefit financially from a transaction between the organization and the board/staff member; or others closely associated with the board/staff member may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board/staff member is closely associated, could benefit from similar transactions.
- *Example #2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal interest* such as the situation where a board member of the LHOB. is also a board member of another nonprofit or for-profit entity in the community with which the LHOB collaborates or conducts business.

Typically persons who are affected by a conflict of interest policy are the organization's members, officers, and senior staff. In some cases a major donor could also be in a conflict situation. The LHOB. 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 employees will annually disclose and promptly update any disclosures previously made to the Executive Director on an Annual Conflict Disclosure Questionnaire form provided by the organization that requests them to identify their interests that could give rise to conflicts of interest, substantial business or investment holdings, and other transactions, gifts over \$100, or affiliations with businesses and other organizations or those of family members as well as other nonprofit organizations.

Board and staff are also urged to disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Staff should disclose to their supervisor and Executive Director, and board members should disclose to the President of the Board as soon as the person with the conflict is aware of the conflict/potential conflict or appearance that a conflict exists.

Procedures to Manage Conflicts:

For each interest disclosed, the full board, or the Executive Director or the President of the Board, as appropriate, 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 the conflict. In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the organization.

- When the conflict involves a decision-maker, the person with the conflict ("interested party"): (i) must fully disclose the conflict to all other decision-makers; (ii) may not be involved in the decision of what action to take (e.g., may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
- In some cases the person with the conflict may be asked to excuse 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 by disinterested persons.
- The fact that a conflict was managed and the outcome will be documented in the minutes of board meetings if the conflict was related to a board member, and reported by the Executive Director to the President of the Board/other appropriate committee of the Board (e.g., Audit Committee) if the conflict was related to a staff member.
- The President of the Board/Executive Director will monitor proposed or ongoing transactions of the organization (e.g., contracts with vendors and collaborations with third parties) for conflicts of interest and disclose them to the Board and staff, as appropriate, whether discovered before or after the transaction has occurred.