

Approved by: Board of Trustees

Date Approved: October 1, 2015

Effective Date: October 1, 2015

- 1. Summary:** This policy defines and establishes criteria for the management of conflicts of interest.
- 2. Rationale:** The purpose of this Conflict of Interest Policy is to protect the interest of Criswell College, a tax-exempt educational and religious organization (hereafter referred to as the “College”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or faculty members of the College, or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.
- 3. Entities Affected:** all constituents of the College

4. Definitions:

Interested Person: Any Trustee, Officer, member of a Committee created or established under the provisions of the Bylaws of the College, faculty member, employee, or contractor who has a direct or indirect Financial Interest, as defined below, shall be defined and deemed to be an Interested Person, for the purposes of this policy.

Financial Interest: A person has a financial interest if the person has, directly or indirectly, in his personal capacity, or through a third party, or artificial entity, or by way of a Related Party has:

- An ownership or beneficial interest in any enterprise, entity, or Related Party with which the College is involved in a transaction or an ongoing business relationship arrangement; or
- A compensation arrangement with the College or with any entity or individual with which the College has a compensation arrangement; or
- A potential ownership or beneficial interest in, or compensation arrangement with, any entity or individual with which the College is negotiating a transaction or arrangement.

Related Party: shall include an individual’s spouse, parents, grandparents, siblings, lineal descendants, and other relatives whether by blood or by law

Compensation: includes direct and indirect remuneration, as well as gifts or favors that are determined to be insubstantial

Financial Interest: is not necessarily a conflict of interest, under *Article 8*. Any person who has a Financial Interest may have a conflict of interest only if the appropriate board or Committee decides that a conflict of interest exists.

5. Policy:

a. Procedures

- **Duty to Disclose**

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board of Trustees or Committee in question as same relate to the proposed transaction, compensation arrangement, or contracted business enterprise.

- **Third Party Disclosure**

In addition to self-disclosure, any member of the Board of Trustees or Committee considering the matter of any person related to the College may point out or make the Board of Trustees or Committee to consider the matter of a perceived conflict of interest.

- **Determining Whether a Conflict of Interest Exists**

After the disclosure of the Financial Interest and all material facts related thereto, and after any discussion with the Interested Person which the Board of Trustees or Committee wishes to undertake, he or she or the representatives of the entity in question, shall leave the meeting while a determination is made as to whether or not there exists a conflict of interest and final vote is conducted thereon. The remaining members of the Board of Trustees or Committee shall decide if a conflict of interest exists.

- **Procedures for Addressing the Conflict of Interest**

An Interested Person may make a presentation at the meeting, but after the presentation, he, she or its representatives shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- The chairperson of the Board of Trustees or Committee shall, if appropriate, appoint a disinterested person or Committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, the Board of Trustees or Committee shall determine whether the College can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Trustees or Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the College's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

- **Violations of the Conflicts of Interest Policy**

If the Board of Trustees or Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Trustees or Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

b. Records of Proceedings

The minutes of the Board of Trustees and all Committees with Board of Trustees delegated powers shall contain:

- The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Trustees' or Committee's decision as to whether a conflict of interest in fact existed;
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement; and
- A record of any votes taken in connection with the proceedings.

c. Compensation

- A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the College for services is precluded from voting on matters pertaining to that member's compensation.
- A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the College for services is precluded from voting on matters pertaining to that member's compensation.
- No voting member of the Board of Trustees or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the College, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

d. Annual Statements

Each Trustee, Officer, and member of a Committee with Board of Trustees delegated powers shall annually sign a statement which affirms such person:

- Has received a copy of the Conflict of Interest Policy;
- Has read and understands the Policy;
- Has agreed to comply with the Policy; and
- Understands the College is charitable and in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

e. Periodic Reviews

To ensure the College operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and
- Whether partnerships, joint ventures, and arrangements with management organizations conform to the College's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

f. Use of Outside Advisor

When conducting the periodic reviews as provided for in Article 8, the College may, but need not, use outside advisors. If outside advisors or experts are used, their use shall not relieve the Board of Trustees of its responsibility for ensuring periodic reviews are conducted.

6. Procedure:

- a. **Implementation:** not applicable
- b. **Responsibility for Compliance:** Board Professional
- c. **Notification:** This policy will be posted on the College’s website.
- d. **Policy Review:** This policy will be regularly reviewed according to the College’s policy review procedure.

For the Office of the President only:

Policy version: 1.0	Policy number: 1.007
Related policies:	

Policy History

Version 1.0	October 1, 2015
-------------	-----------------