Conflict of Interest Policy
Congregation Beth David
Approved by Board January 22, 2020

Article I – Definitions

1. Transaction

The Board of Directors and committees of the Board may, at times, consider providing compensation to individuals (employees or consultants), making investments, contracting for services, or engaging professional portfolio or fund managers to invest the funds of the Organization (a "transaction").

2. Financial Interest

A Financial Interest in a transaction may be any one of the following.

a. **Ownership Interest**
An ownership interest exists if a person has more than a 5% interest in a business.

b. **Investment Interest**
An investment interest exists if a person has invested more than $50,000 in a financial institution or with a portfolio or fund manager.

c. **Compensation Interest**
A compensation interest exists if a person would receive any compensation as a result of a transaction.

3. Interested Person

Any Director or member of a committee who has a Financial Interest in a transaction is an Interested Person. In all cases, a Financial Interest exists for a person if it applies to them individually or to any member of their immediate family (parents, spouses, siblings and children).

Article II – Procedures

1. Duty to Disclose

When considering a transaction, an Interested Person shall disclose to the other members of the Board or committee the existence of a Financial Interest in the transaction.

2. Determining Whether a Conflict of Interest Exists

The existence of a Financial Interest in a transaction does not automatically constitute a Conflict of Interest, except for a Compensation Interest, which is automatically a conflict of interest. The remaining members of the Board or committee shall determine if the Financial Interest constitutes a Conflict of Interest. If requested by any of the remaining members, the Interested Person will leave the meeting while the potential Conflict of Interest is discussed and the vote taken.

3. If a Conflict of Interest Exists

A person with a Conflict of Interest may participate in the discussion of the proposed transaction, but may not vote on the proposal. If any of the remaining members wish to continue the discussion or vote on the transaction without the Interested Person being present, the Interested Person will leave the meeting.

The Board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable.

4. Violations of the Conflicts of Interest Policy

If a member of the Board or committee fails to disclose a Financial Interest in a proposed transaction, that person shall explain the situation, after which the remaining members of the Board or committee will take appropriate action.

Article III – Records of Proceedings

In order to preserve the confidentiality of any disclosures made in conjunction with this policy, the official minutes of the Board or committee meeting at which a disclosure of a potential conflict of interest is made shall only record the name of the person making the disclosure and the finding of the remaining members as to whether or not a conflict of interest exists. The record will not include the details of the disclosure.

Article IV – Annual Statements

Each member of the Board of Directors or a committee with powers delegated by the Board of Directors shall annually sign a statement that affirms that such person has received a copy of this Conflict of Interest policy, has read and understands the policy, has agreed to comply with the policy, and understands that the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article V – Periodic Reviews

To ensure the Organization 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:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of independent bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization'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 an excess benefit transaction.

Examples:

The following examples serve to illustrate the implementation of the policy. They are not part of the policy.

The Board is considering in which bank it should open its accounts. John recommends the XYZ Bank, and discloses that he has his bank accounts with XYZ Bank (an Investment Interest). The remaining members of the Board determine that just because John has his accounts at XYZ Bank, this does not constitute a conflict of interest. John is free to participate in the discussion and vote on the matter.

Jane is a member of an investment committee established by the Board to invest the Organization's funds. The committee is discussing purchasing stock in A Big Company. Jane has mutual fund investments that include A Big Company stock, but Jane does not disclose this. Jane is not in violation of this policy because her ownership interest was less than 5%.

Alan is a member of the Board of Directors and is also an accountant. He offers the services of his firm to conduct annual reviews and prepare financial statements at a discounted rate. Alan has an Ownership Interest and potentially a Compensation Interest. The Board determines that a conflict of interest does exist. Alan may participate in the discussions, but he should excuse himself from the meeting before any vote is taken. The remaining members of the Board consider other options for the services, and after a thorough review, determine that it is more advantageous to the Organization to obtain the services from Alan's firm at the discount rate.

Sally is a member of the investment committee and has recommended the South Bay Investment group to act as portfolio managers for the Organization. Sally has her own funds invested through South Bay, which she discloses to the committee (an Investment Interest). In questioning Sally, the other members of the committee find that Sally has provided consulting services to South Bay in the past, for which she was compensated. The remaining members of the committee determine that Sally has a conflict of interest. Although she can participate in the discussion, she should excuse herself from the meeting when the vote is taken.