

FAITH COMMUNITY CHURCH CONFLICTS OF INTEREST POLICY

1. Duty to Disclose

Each Director or Elder, including the Senior Pastor, (hereinafter each called a “Director” unless further specification is required), prior to taking his position on the Board, and all present Directors, shall submit in writing to the Senior Pastor a list of all businesses or other organizations of which the Director is an officer, director, trustee, member, owner (either as a sole proprietor or partner), shareholder, employee or agent, with which Faith Community Church ("Church" or "the corporation") has or might reasonably in the future enter into a relationship or a transaction in which the Director would have conflicting interests. The Senior Pastor shall become familiar with the statements of all Directors in order to guide the conduct of the Board of Directors should a conflict arise. Given the leadership structure of Faith Community Church, each Director is equivalent to an Executive Director.

2. Decision-Making

At such time as any matter comes before the Board in such a way to give rise to a conflict of interest, the affected Director shall make known the potential conflict, whether disclosed by his or her written statement or not, and answer any questions that might be asked of him. Decisions regarding a pecuniary benefit transaction with Faith Community Church will be made only by Directors who do not benefit from the transaction, though the Director(s) who stand(s) to benefit from the transaction may participate in discussion concerning the matter. The Board will comply with all the requirements of New Hampshire law that apply to churches where conflicts of interest are involved.

3. Statutory Requirements

The New Hampshire statutory requirements dealing with pecuniary benefits (RSA 7:19-a and RSA 292:6-a) applicable to churches are hereby incorporated in full into and, insofar as they apply to churches, made an integral part of this conflict of interest policy (any aspects of these statutory requirements that do not apply to churches are not to be considered part of this conflict of interest policy). A copy of the relevant New Hampshire statutes are attached hereto so that every Board member is aware of the statutory requirements. These requirements include, but are not limited to, absolute prohibitions on loans from a charitable trust to a director, officer, or trustee and prohibition of any sale or lease (for a term greater than five years) or conveyance of real estate from an officer, director, or trustee without the prior approval of the probate court. These requirements extend to both direct and indirect financial interests, as defined by the following statutes.

**Text of New Hampshire Law:
NH RSA 7:19-a Regulation of Certain Transactions Involving Directors, Officers, and
Trustees of Charitable Trusts.**

I. Definitions. In this section:

(a) "Director, officer, or trustee" means a director, officer, or trustee of a charitable trust.

(b) "Financial interest" means an interest in a transaction exceeding \$500 in value for any officer, director, or trustee, on an annual aggregate basis. An "indirect" financial interest arises where the transaction involves a person or entity of which a director, officer, or trustee, or a member of the immediate family of a director, officer, or trustee, is a proprietor, partner, employee, or officer.

(c) "Pecuniary benefit transaction" means a transaction with a charitable trust in which a director, officer, or trustee of the charitable trust has a financial interest, direct or indirect. However, the following shall not be considered as pecuniary benefit transactions:

(1) Reasonable compensation for services of an executive director, and expenses incurred in connection with official duties of a director, officer, or trustee;

(2) A benefit provided to a director, officer, or trustee or member of the immediate family thereof if:

(A) The benefits are provided or paid as part of programs, benefits, or payments to members of the general public; and

(B) The charitable trust has adopted written eligibility criteria for such benefit in accordance with its bylaws or applicable laws; and

(C) The director, trustee, or family member meets all of the eligibility criteria for receiving such benefit;

(3) A continuing transaction entered into by a charitable trust, merely because a person with a financial interest therein subsequently becomes a director, officer, or trustee of the charitable trust.

(d) "Charitable trust" does not include, for purposes of this section only, an organization qualified as a private foundation under the applicable provisions of the United States Internal Revenue Code.

II. A pecuniary benefit transaction shall be prohibited unless it is in the best interest of the charitable trust and unless all of the following conditions are met:

(a) The transaction is for goods or services purchased or benefits provided in the ordinary course of the business of the charitable trust, for the actual or reasonable value of the goods or services or for a discounted value, and the transaction is fair to the charitable trust;

(b) The transaction receives affirmative votes from at least a 2/3 majority of all the disinterested members of the governing board of the charitable trust, which majority shall also equal or exceed any quorum requirement specified in the bylaws of the charitable trust:

(1) After full and fair disclosure of the material facts of the transaction to the governing board and after notice and full discussion of the transaction by the board;

(2) Without participation, voting, or presence of any director, officer, or trustee with a financial interest in the transaction or who has had a pecuniary benefit transaction with the charitable trust in the same fiscal year, except as the board may require to answer questions regarding the transaction; and

(3) A record of the action on the matter is made and recorded in the minutes of the governing board;

(c) The charitable trust maintains a list disclosing each and every pecuniary benefit transaction, including the names of those to whom the benefit accrued and the amount of the benefit, and keeps such list available for inspection by members of the governing board and contributors to the charitable trust. The list shall also be reported to the director of charitable trusts each year as part of the charitable trust's annual report required under RSA 7:28;

(d) If the transaction, or the aggregate of transactions with the same director, officer, or trustee within one fiscal year, is in the amount of \$5,000 or more, the charitable trust publishes notice thereof in a newspaper of general circulation in the community in which the charitable trust's principal New Hampshire office is located, (or if there is no such office, then in a newspaper of general circulation throughout the state), and gives written notice to the director of charitable trusts, before consummating the transaction. At a minimum, such notice shall state that it is given in compliance with this section and shall include the name of the charitable trust, the name of any director, officer, or trustee receiving pecuniary benefit from the transaction, the nature of the transaction, and the specific dollar amount of the transaction.

III. Every director, officer, or trustee, or member of the immediate family of such director, officer, or trustee, who engages in a pecuniary benefit transaction with a charitable trust shall provide copies of all contracts, payment records, vouchers, other financial records or other financial documents at the request of the director of charitable trusts in accordance with RSA 7:24. All documents so provided may be disclosed to the public for inspection and copying, subject to applicable confidentiality laws.

IV. Every charitable trust shall adopt policies pertaining to pecuniary benefit transactions and conflicts of interest.

V. No charitable trust shall lend money or property to its directors, officers, or trustees. Any director, officer, or trustee who assents to or participates in the making of any such loan shall be jointly and severally liable to the charitable trust for the amount of such loan until it is repaid.

VI. No charitable trust shall sell, lease for a term of greater than 5 years, purchase, or convey any real estate or interest in real estate to or from an officer, director, or trustee without the prior approval of the probate court after a finding that the sale or lease is fair to the charitable trust. However, this paragraph shall not apply to a bona fide gift of an interest in real estate to a charitable trust by a director, officer, or trustee of the charitable trust.

VII. A pecuniary benefit transaction undertaken in violation of this section is voidable. The director of charitable trusts may investigate complaints regarding pecuniary benefit transactions and if, after an investigation pursuant to RSA 7:24, the director determines that a pecuniary benefit transaction is in violation of this section, the director may institute appropriate proceedings under RSA 7:28-f to enforce these provisions.

VIII. Any member of the governing board of a charitable trust shall have standing to petition, pursuant to RSA 491:22, for a declaratory judgment that one or more pecuniary benefit transactions of the charitable trust are void.

IX. The provisions of this section shall not apply to transactions between a charitable trust and its incorporators, members, or other contributors who are not also directors, officers, or trustees of the charitable trust, provided that such transactions are fair to the charitable trust.

X. Notwithstanding subparagraph I(c) of this section, in the case of hospitals, "pecuniary benefit transaction" shall not include reasonable compensation for professional services of members of the hospital's professional medical or nursing staff who also serve as members of the governing board of the hospital, if persons receiving

such compensation do not constitute more than 25 percent of the membership of such board or the governing board of the charitable trust which owns the hospital.

XI. Notwithstanding subparagraph I(c) of this section, in the case of educational organizations normally maintaining a regular faculty and curriculum and normally having a regularly enrolled body of pupils or students in attendance at the place where their educational activities are regularly carried on, "pecuniary benefit transaction" shall not include reasonable compensation for professional services of members of the organization's faculty and staff who also serve as members of the governing board of the educational organization if such persons do not constitute more than 25 percent of the membership of such board.