

# Is This a Possible Conflict of Interest?

What should board members do when they think they see conflicts of interest?



**Q** I'm working with an all-volunteer nonprofit that has a possible conflict of interest. The board president pays a member of his family (who is on the board) to mow the grass at our facility without putting the job out to bids or seeking other estimates. In addition, the president pays his father (who is also on the board) when his father purchases materials and installs things (such as ceiling fans) in our buildings. Other members of the board are concerned about this but are afraid to broach the subject. They're looking for guidance on how to handle this situation.

**A** The only way to handle the situation is to face it and deal with it. It's an obvious conflict of interest when an organization contracts with members of the board or their family members to provide goods or services to the organization. It's not necessarily illegal, however, if the cost is fair to the organization.

You don't identify the tax status of your organization, but if it's a 501(c)(3) public charity or a 501(c)(4) social welfare organization, paying too much for these services

can be considered an "excess benefit," with serious tax consequences for those who receive the excess or for those who knowingly approve the excess. There may not be enough involved here for the IRS to get involved, but the "safe harbor" procedures for determining whether the payments are reasonable or not would provide a good guide for your organization to be sure that things are okay. Unless your board is going to prohibit any conflicted transactions (which in general I don't think is a good idea), it ought to require that these safe harbor rules be put into place so that everyone can be confident that what they're doing is within the law.

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Also see these articles at NonprofitWorld.org:

[Expectations for Nonprofit Boards Are Changing](#) (Vol. 19, No. 3)

[Navigating Tough Conflict of Interest Situations](#) (Vol. 27, No. 1)

[Conflict of Interest in the Board Room](#) (Vol. 17, No. 2)

# How Can You Boost Board Turnout?

What are some ways to get people to show up?

**Q** We have very poor attendance at our board meetings. How can we assure that more board members come to meetings?

**A** The best ideas to improve turnout include the following:

**Hold fewer meetings.** If you gather monthly, try 10 meetings a year. Make each one count a little more.

**Schedule many months in advance.** Ask trustees to confirm the dates and put them in their calendars at least six months ahead.

**Distribute the agenda** at least one week before the meeting.

**Create interesting, challenging agendas** that focus on decision-making. The main reason for poor attendance is that meetings aren't productive or interesting.

**Use your board agreement to reinforce attendance requirements.** Use language such as, "Three consecutive unexcused absences will be considered resignation from the board."

**Feed people.** Food provides a welcoming atmosphere, stimulates the brain, and builds camaraderie. People are more likely to come to a meeting if they know there will be something to eat and drink. Ask board members to take turns arranging for food at the meeting.

**Rotate responsibility for facilitating the meeting.** When participants know their turn is coming, they'll show up to see how others manage the process and learn from their peers.

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Also see these articles at NonprofitWorld.org:

[Twelve Ways to Liven Up Your Board Meetings – And Your Board](#) (Vol. 36, No. 3)

[How to Run the Perfect Board Meeting – While Inspiring Board Members to Raise Funds](#) (Vol. 36, No. 4)

[From Bored to Blazing: Fire Up Your Board](#) (Vol. 37, No. 3)