

## Conflict of Interest Policy

### DEFINITION OF CONFLICT OF INTEREST

A conflict of interest is a transaction involving the organization in which an interested person (Director, Officer, Executive Director or other key executive staff member) of the corporation\* has a direct or indirect financial interest.

### 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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

### COMPENSATION

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### FINANCIAL INTEREST

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.
- DIRECT vs. INDIRECT financial interests:
  - A direct financial interest is present when a transaction of the Organization will result in a Director or Officer receiving any payment, or any tangible benefit with financial value, or will result in the avoidance of a negative financial impact.
  - An indirect financial interest is present when a transaction of the organization will result in anyone related to a Director or Officer will receive any payment, or any tangible benefit with financial value, or will result in the avoidance of a negative financial impact.

### AFFILIATED PERSONS

In order to be comprehensive, this statement of disclosure/questionnaire requires you to provide information with respect to certain parties that are related to you. Anyone related to a Director, Officer, Executive Director, or key executive staff member, in any of the ways listed below, are termed “affiliated persons:”

- Anyone related to you by blood, marriage, adoption, or sharing of financial affairs, including but not limited to your spouse, domestic partner, child, mother, father, brother or sister;
- Anyone who has a close business relationship with you, including an employee, employer, supervisor, or a business partner.

- Any entity that has business dealings with the Organization, of which:
  - you are a partner or a controlling shareholder or executive officer; or of which
  - you have any other position that would cause the appearance of a conflict of interest.
- Any trust, estate, or other legal entity in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

#### DETERMINING WHETHER A CONFLICT EXISTS

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### PROCEDURES FOR ADDRESSING A CONFLICT OF INTEREST

- An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she 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 governing board 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 governing board or committee shall determine whether the Organization 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization'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.

**ANNUAL DISCLOSURE STATEMENTS:** The IRS requires that tax-exempt organizations engage in a periodic review of conflict of interest transactions. The purpose is to ensure:

- That all conflict of interest transactions are disclosed,
- That the procedures required by the IRS are followed for approving all conflict of interest transactions,
- That all payments paid to or received from the organization for the purchase or sale of goods or services are determined based on accurate information from independent and competent sources,
- That all transactions are fair and reasonable to the organization, and
- That the organization does not engage in activities that result in prohibited private inurement, impermissible private benefit or in an excess benefit transaction, any of which could jeopardize its tax-exempt status.

**VIOLATIONS OF THE CONFLICT OF INTEREST POLICY:** If the governing board 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 governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

*\* A corporation is defined by the IRS as any incorporated entity (not-for-profit, commercial business, trust, etc.*