CONFLICT OF INTEREST POLICY

Article I: Purpose

The purpose of the conflict of interest policy is to protect this tax exempt organization’s (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state, federal, and international laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II: Definitions

1. Interested Person
Any director, principal officer or member of a committee with governing board delegated powers who has a direct or indirect financial or non-financial interest as defined below, is an Interested Person.

2. Connected Person
A Connected Person is anyone with whom the Board Member has a relationship which is likely to appear, to a reasonable person, to influence the Board Member’s objectivity including but not limited to the Board Member’s close family, their partner, etc.

3. Interest
An Interest is a financial or non-financial interest to the Interested Person or to a Connected Person.

4. Financial Interest
A financial interest refers to anything of non-trivial monetary value including but not limited to pay, commission, consultancy fees, equity interest, forgiveness of debt, property and royalties. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
   a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;
   b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement (Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial); or
   c. 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.
A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, 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.

5. Non-financial interest
A non-financial interest refers to any non-financial benefit or advantage including but not limited to enhancement of a Board Member or Connected Person’s career, education or professional reputation, access to privileged information or facilities and property or intellectual property rights.

6. Conflict of interest
A Conflict of Interest is a situation in which an Interested Person or a Connected Person has an Interest (defined above) which may compromise that Interested Person’s obligations to the Board or to any other body with which the Board has a relationship (for example a funding body). A Conflict of Interest includes perceived and potential as well as actual conflicts of interest. A perceived conflict of interest is one which a reasonable person would consider likely to compromise objectivity. A potential conflict of interest is a situation which could develop into an actual or perceived conflict of interest.

Article III: Procedures

1. Duty to Disclose
In connection with any actual or possible financial or non-financial conflict of interest of the Interested Person or a Connected Person, the Interested Person must disclose the existence of the Interest and be given the opportunity to disclose all material facts to the board of directors and members of the committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining whether a Conflict of Interest Exists
After disclosure of the 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.

Procedure for addressing the Conflict of Interest
a. 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 conflict of interest.

b. 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.
c. 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.

d. 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 agreement.

Violations of the Conflict of Interest Policy

a. If the governing board or committee has reasonable cause to believe an Interested Person has failed to disclose actual or possible financial or non-financial conflicts of interest on the part of the Interested Person or Connected Person it shall inform the member of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the Interested Person’s response and after making further investigation as warranted by the circumstances, the governing board or committee determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV: Records of Proceeding

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of persons who disclosed or otherwise were found to have a financial or non-financial interest in connection with an actual or possible conflict of interest, the nature of the financial or non-financial interest, any action taken to determine whether a conflict of interest was present, and the governing board’s or committee’s decision as to whether a conflict of interest in fact existed.

b. 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.

Article V: Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member’s compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for
services is precluded from voting on matters pertaining to that member’s compensation.

(c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI: Annual Statements

Each director, principal officer or member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

(a) Has received a copy of the conflict of interest policy,
(b) Has read and understands the policy,
(c) Has agreed to comply with the policy, and
(d) Understands 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 VII: 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 any compensation arrangements and benefits are reasonable based on competent survey information and the result of arm’s length bargaining and
(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.

Article VIII: Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.