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## CONFLICT OF INTEREST POLICY

1. Purpose. The purpose of the conflict of interest policy is to protect the interests of \_\_\_\_\_ (the “Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, trustee, member of a committee with governing board delegated powers, or key employee of the Organization (collectively, “Affected Persons”) or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations. Each Affected Person must complete the Annual Affirmation and Disclosure Statement (Exhibit A) annually.

2. Definitions.

(a) “Interested person” means any Affected Person who has a direct or indirect financial interest, as defined below.

(b) A person has a “financial interest” if the person has, directly or indirectly, through business, investment, or family:

(i) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

(ii) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or

(iii) 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 Section 3(b) 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.

(c) “Family” of an individual shall include his or her spouse, ancestors, children, grandchildren, great grandchildren, siblings (whether by whole or half blood), and the spouses of children, grandchildren, great grandchildren and siblings.

(d) “Business relationship” means employment and contractual relationships, and common ownership of a business where any Affected Persons, individually or together, possess more than a 35% ownership interest in common. “Ownership” means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.

(e) Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

### 3. Procedures.

(a) 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/or members of committees with governing board delegated powers considering the proposed transaction or arrangement.

(i) All Affected Persons shall complete the Annual Affirmation and Disclosure Statement (Exhibit A) on an annual basis and submit such completed Annual Disclosure Statements to the Secretary of the Board of Directors. The Secretary shall be responsible for filing all copies of the Annual Affirmation and Disclosure Statements with the official corporate records of the Organization and shall bring any potential conflicts of interest disclosed in the Annual Affirmation and Disclosure Statements to the attention of the Board of Directors at the next meeting of the Board of Directors.

(ii) At such time as an Affected Person becomes aware of an additional financial interest or potential conflict of interest, the individual must file a written disclosure to the Secretary of the Board of Directors disclosing the situation giving rise to the potential conflict of interest, and must refrain from taking action until the Board of Directors considers the potential conflict of interest. The Secretary shall bring such additional disclosures to the attention of the board of directors as soon as practicable.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person 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.

#### (c) Procedures for Addressing the Conflict of Interest.

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(d) Violations of the Conflicts of Interest Policy.

(i) If the governing board or committee has reasonable cause to believe an Affected Person has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.

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

4. Records of Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the 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.

5. 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 by or at the direction of the

President or Chair of the Board of Directors. 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 arm's length 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 in an excess benefit transaction.

6. Use of 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.

**EXHIBIT A**

**CONFLICT OF INTEREST ANNUAL AFFIRMATION AND DISCLOSURE STATEMENT**

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I have received and carefully read the Conflict of Interest Policy of \_\_\_\_\_ (the "Organization"). By signing this Annual Affirmation and Disclosure Statement, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that the Organization is a nonprofit organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal gain (other than salary) by board members or staff.

Except as otherwise indicated below, I hereby state that I do not have any financial interests as described in the Conflict of Interest Policy.

If any situation should arise in the future that I think may involve me in a conflict of interest, I will promptly and fully disclose in writing the circumstances to the Secretary of the Board of Directors of the Organization.

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Name (Please print)

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Signature Date

Please explain potential conflict(s) below:

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