

## Policy and Procedure

**POLICY NUMBER**                    **0.00**

**POLICY NAME**                    **CONFLICT OF INTEREST**

**DATE OF ORIGIN**

**LAST REVIEW DATE**

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### **1.0 POLICY STATEMENT**

**1.1**    The purpose of the conflict of interest policy is to protect this tax-exempt Association's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association 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 conflict of interest applicable to nonprofit and charitable organizations.

**1.2**    Interested Person: Any director, officer, or member of a Working Group with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

**1.3**    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 Association has a transaction or arrangement,
- A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement. 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 Board decides that a conflict of interest exists.

- 1.4 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 Board considering the proposed transaction or arrangement.
- 1.5 After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.
- 1.6 If a Board member has a financial interest or a conflict of interest regarding any contract or other transaction that the Board is considering, he/she shall leave the Board meeting while the transaction is discussed and voted upon.
- 1.7 If the Board 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 Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**1.8 Annual Statements:** Each member of the Board including Working Group Chairs, shall annually sign a statement which affirms such person:

- Has received a copy of the conflicts of interest policy,
- Has read and understands the policy,
- Has agreed to comply with the policy, and;
- Understands that the Association 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.

## 2.0

2.1 Minutes and Documentation: The minutes of any board meeting at which a matter involving a conflict of interest or potential conflict of interest was discussed or voted upon shall include:

- the name of the interested party and the nature of the interest;
- the decision as to whether the interest presented a conflict of interest;
- any alternatives to a proposed contract or transaction considered by the board; and
- if the transaction was approved, the basis for the approval.