

## **United Way of St. Joseph County**

### **Conflict of Interest Policy**

#### **Article I: Purpose**

The purpose of the conflict of interest policy is to protect the interests of the United Way of St. Joseph County, Inc. (the "Organization") when (i) it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, board member, or committee member of the Organization or might result in a possible excess benefit transaction or (ii) when the Organization is determining to provide funding to or otherwise entering into an arrangement with an organization. It is the policy of the Organization and its Board of Directors (the "Board") that the directors, officers, and committee members carry out their respective duties in a fashion that avoids actual, potential or perceived conflicts of interest. Each of the Organization's directors, officers, and committee members shall have the continuing, affirmative duty to report any interest or other relationship that may affect his or her ability to exercise impartial, ethical, and business-based judgments in fulfilling responsibilities to the Organization. In addition to any legal or other requirements that apply to the Organization and its directors, officers, and committee members, the following principles shall guide the conduct of the Organization's affairs. 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.

#### **Article II: Definitions**

1. **Interested Person**. Any director, principal officer, or member of a committee, who has a Financial Interest or a Duality of Interest, each as defined below, is an Interested Person.
2. **Conflict of Interest**. A Conflict of Interest for purposes of this policy includes either a Financial Interest or a Duality of Interest, each as defined below.
  - a. **Financial Interest**: 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, or
    - (ii) A compensation arrangement with the Organization or with any entity or individual with which the Organization has or 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 disqualifying Conflict of Interest. Under Article III, Section 2, a person who has a Financial Interest may have a disqualifying Conflict of Interest only if the appropriate Board or committee decides that a disqualifying Conflict of Interest exists.

- b. Duality of Interest: A Duality of Interest exists when a director, officer, or committee member of the Organization is affiliated with a community organization requesting a grant or other support from the Organization. Such affiliation exists if the person is a director, trustee, or officer of the community organization.

### **Article III: Procedures**

#### 1. Duty to Disclose.

In connection with any actual or possible Financial Interest or Duality of Interest, an Interested Person must disclose the existence and nature of the Financial Interest or Duality of Interest and be given the opportunity to disclose all material facts to the directors and members of committees considering the proposed transaction or arrangement. The disclosure should be made either when the interest becomes a matter of Board or committee action or as part of a periodic procedure to be established by the Board.

#### 2. Determining Whether a Disqualifying Conflict of Interest Exists.

After disclosure of the Financial Interest or Duality of Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board or committee meeting while the matter is discussed and voted upon. The remaining Board or committee members shall decide if a disqualifying conflict of interest exists.

#### 3. Procedures for Addressing a Disqualifying Conflict of Interest.

- a. An Interested Person may make a presentation at the Board or committee meeting regarding the transaction or arrangement. An Interested Person shall leave the meeting and shall not participate in any discussions of, and the vote on, the transaction or arrangement involving the Financial Interest or Duality of Interest.
- b. The chairperson of the Board or committee may, but is not required to, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the 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 Financial Interest or Duality of Interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Financial Interest or Duality of Interest, the Board or committee shall determine by a majority vote of the disinterested members 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.

4. Violations of the Conflicts of Interest Policy.

- a. If the Board or committee has reasonable cause to believe a director, officer, or member of a committee 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.
- b. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Board or committee determines the individual has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate corrective action.

**Article IV: Records of Proceedings**

The minutes of the Board and all committees shall contain:

- a. The names of the persons who disclosed or otherwise were found to have an actual or possible Conflict of Interest, the nature of the interest, any action taken to determine whether a Conflict of Interest was present, and the Board's or committee's decision as to whether a disqualifying 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 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 Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization is prohibited from providing information to any committee regarding compensation.

## **Article VI: Annual Statements**

Each director, officer, and member of a committee shall annually or at such other times as required by the Board sign a statement which affirms such person:

- a. Has received a copy of the Conflicts 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.