

# **Peter Paul Development Center Board of Directors Conflict of Interest Policy Statement**

## **Purpose:**

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (The Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person (as defined below) of the Organization or might result in a possible excess benefit transaction (as defined by the Internal Revenue Service Exempt Organizations Tax Manual, section 7.27.30.6). 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.

## **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 interest, as defined below, is an interested person.

### **2. 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. 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 voting board member will declare any conflict of interest, be it real, potential, or apparent, which is not immediately obvious with regard to any matter being discussed in his/her presence during a meeting.

**The following activities are considered by the organization to be conflicts of interest, but conflicts of interest are not limited to the following situations:**

*\*See additional examples of conflicts of interest on page 7*

- Where a director makes a decision or does an act motivated by other or additional considerations than “the best interests of the Organization.”
- Where a director personally contracts with the organization or where he/she is a director of other organizations which are contracting with this Organization.
- Where a director learns of an opportunity for profit which may be valuable to him/her personally or to another organization of which he/she is a member, or to other persons known to the director without disclosure to the Board.
- Where a director, in any circumstance as related to the organization, puts his/her personal interests ahead of the best interests of the organization
- Where any 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.

## **Procedures:**

**1. Duty to Disclose** in connection with any actual or possible conflict of interest, an interested person must disclose the existence of the 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.

Disclosure involving directors should be made to the board chair, who shall bring these matters, if material, to the board.

Disclosure in the organization should be made to the chief executive (or if she or he is the one with the conflict, then to the board chair), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the board chair

## **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 board shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to The Organization. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare The Organization and the advancement of its purpose and will be documented in the minutes.

### **3. Procedures for Addressing the 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 similar or more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- If a similar or 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.

### **4. Violations of the Conflicts 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 use its discretion to take appropriate disciplinary and corrective action.

### **5. Records of Proceedings**

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

- 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.

- 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.

## **6. Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers 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 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.

## **7. 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:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- 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 (as defined by the Internal Revenue Service Exempt Organizations Tax Manual, section 7.27.30.6)

## **8. Use of Outside Experts**

When conducting the periodic reviews, 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.

**Peter Paul Development Center Board of Directors  
Conflict-of-Interest Disclosure Statement**

Conflicts can arise from many ordinary and appropriate activities; the existence of a conflict does not imply wrong doing on anyone's part. But when conflicts do arise, they must be recognized and disclosed, and then eliminated or appropriately managed. Some relationships may create an appearance of conflict; those too, are important to eliminate or manage so that we may maintain public confidence in the integrity of our activities.

**Board Member Information:**

**Name:**

Last name:                      First name:                      Middle name:

**Home Address:**

Street:    City: State: ZIP:

**Phone Numbers:**

**E-mail:**

Day time:

Evening:

Cell:

AREAS IN WHICH CONFLICT MAY ARISE: Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to Peter Paul Development Center
2. Persons and firms from whom Peter Paul Development Center leases property and equipment
3. Persons and firms with whom Peter Paul Development Center is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property
4. Competing or affinity organizations
5. Donors and others supporting Peter Paul Development Center
6. Agencies, organizations, and associations that affect the operations of Peter Paul Development Center
7. Family members, friends, and other employees

**NATURE OF CONFLICTING INTEREST:** A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned above. Examples of such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with Peter Paul Development Center
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) in any third party dealing with Peter Paul Development Center.
3. Receiving remuneration for services with respect to individual transactions involving Peter Paul Development Center.
4. Using Peter Paul Development Center's time, personnel, equipment, supplies, or good will for other than Peter Paul Development Center approved activities, programs, and purposes
5. Receiving personal gifts or loans from third parties dealing with Peter Paul Development Center. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

Under this policy, do you have any potential or perceived conflicts of interest to disclose?

- No, I have no potential or perceived conflicts of interest to disclose.
- Yes, I have the following potential or perceived conflicts of interest to disclose:

**Conflict-of-Interest Disclosure Statement**

NAME: \_\_\_\_\_

Please initial in the space at the end of Item 1 or initial and complete Item 2, whichever is appropriate. Please also fill out Items 3-8, sign and date the statement, and return it to the board chair.

1. I am not aware of any relationship or interest or situation involving my family or myself that might result in, or give the appearance of being, a conflict of interest between such family member or me on one hand and Peter Paul Development Center on the other.

\_\_\_\_\_ (initials)

2. The following are relationships, interests, or situations involving me or a member of my family that I consider might result in or appear to be an actual, apparent or potential conflict of interest between such family members or myself on one hand and Peter Paul Development Center on the other:

---

---

---

\_\_\_\_\_ (initials)

3. For-profit corporate directorships, positions, and employment:

**4. Nonprofit trusteeships of positions:**

**5. Memberships in the following organizations:**

**6. Contracts, business activities, and investments with or in the following organizations:**

**7. Other relationships and activities:**

**8. My primary business or occupation at this time:**

I have read and understand Peter Paul Development Center's conflict-of-interest policy and agree to be bound by it. I will promptly inform the board chair of Peter Paul Development Center of any material change that develops in the information contained in the foregoing statement.

**Type/print name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_