

**South Brunswick Islands Rotary Foundation
Conflict of Interest Policy**

Article I

Introduction/Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of the South Brunswick Islands Rotary Foundation (the "Corporation") when contemplating entering into a transaction or arrangement that might benefit (or be perceived to benefit) the private interest of an officer or trustee of the Corporation. 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 trustee, 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:
 - a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
 - b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or;
 - c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the Corporation 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. 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.

Article III

Procedures

1. **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 trustees and members of committees with governing board delegated powers considering the proposed transaction or arrangement. All interested persons must sign the Conflict of Interest Form and Disclosure Statement attached hereto as Exhibit A.

2. **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, 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.

3. Procedures for Addressing the Conflict of Interest.

- a. An interested person may make a presentation at the governing board or;
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternative to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Corporation 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 trustees whether the transaction or arrangement is in the Corporation'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 governing board or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person 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 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 person who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternative to the transaction or arrangement, the content of the discussion, including any alternative to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Minutes

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, and any action taken to determine 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 alternative to the transaction or arrangement, the content of the discussion, including any alternative to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article VI Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation 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 Corporation 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 Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

d. With respect to the determination of compensation arrangements and the payment of compensation, the following principles must be observed whenever reasonably possible: (i) all compensation arrangements should be approved prior to the payment of any compensation; (ii) the date and terms of all compensation arrangements should be in writing; (iii) the decision made by each individual who decided or voted on a particular compensation arrangement should be recorded in writing; (iv) compensation arrangement should be considered and approved based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organization; (v) the information relied upon in making the compensation determination and the source thereof should be recorded in writing.

Article VII Annual Statement

Each trustee, principal officer and member of a committee with governing board delegated powers shall annually sign a copy of the Conflict of Interest Statement (Exhibit A) 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;

d. Understands the Corporation 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 VIII Periodic Reviews

To ensure the Corporation 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 compensation arrangements and benefits are reasonable, based on competent survey information, and the results of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation'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.

Article IX
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VIII, the Corporation 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.

Conflict of Interest Policy Adopted by Corporation Trustees on April 4, 2018.

Exhibit A Conflict of Interest Statement

1. Name: _____ Date: _____

2. Position:

Are you a voting Trustee?	Yes	No
Are you an Officer?	Yes	No
Are you a governing committee member?	Yes	No

If you are an Officer or governing committee member, what position do you hold?
_____.

3. I affirm the following:

I have received a copy of the Conflict of Interest Policy. _____ (initial)
 I have read and understand the policy. _____ (initial)
 I agree to comply with the policy. _____ (initial)
 I understand that South Brunswick Islands Rotary Foundation is a charitable organization 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. _____ (initial)

4. Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest Policy with the Corporation?
 Yes No
 i. If yes, please describe it:

 ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest Policy with the Corporation?
 Yes No
 i. If yes, please describe it (including approximately when):

 ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

 Signature Date: _____

Date of Review by Trustees: _____