

Sandhills PRIDE Conflict of Interest Policy

Article 1: Purposes

Sandhills PRIDE [hereafter “the organization”] stands as a leading member of LGBTQ+ and ally equality in the Sandhills community of North Carolina and holds itself to the highest character befitting its role. The organization’s directors, officers, and staff should therefore be aware that conflicts of interest or appearances of conflicts of interest can sometimes occur in the usual conducting of affairs. Conflicts can occur due to people associated with the organization having multiple affiliations, relationships, and interests in other areas of the community.

The purpose of this policy is to protect the organization’s tax-exempt interest in light of these realities when entering into an arrangement that could potentially benefit a director, officer, and/or staff member or result in a possible excess benefit transaction. The benefits due to conflicts of interest can reflect poorly and thus negatively impact the organization, and/or reduce the structural viability of the organization. This policy is used as a guiding principle for Sandhills PRIDE, supplementing but not replacing any applicable state and federal laws governing conflict of interest to organizations with 501(c)(3) status.

It is the responsibility of directors, officers, and staff to place the interests of the organization above their own when conducting affairs for Sandhills PRIDE, and it is the duty of directors, officers, and staff to act accordingly. The long-range best interests of the organization do not require that all or any persons with real or apparent conflicts of interest that are harmless to all individuals or entities involved be terminated from the organization. However, knowledge of these conflicts and fair action through the course of affairs is paramount to a moral and legal working of the organization.

Article 2: Definitions

Interested Person

An Interested Person is any director, officer, staff, and/or committee member with Board delegated powers, who has a direct or indirect financial interest, as defined below.

Financial Interest

Any director, officer, committee member, and/or staff has a financial interest, directly or indirectly, through business, investment, or family, if that person has:

- 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.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial, which is determined at the discretion of the Board. A financial interest is not necessarily a conflict of interest, at the determination of the Board.

Article 3: Procedures

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 director and Board considering the proposed transaction or arrangement. The Board may then decide whether to proceed in addressing the potential conflict of interest with all Board members or may vote on creating a temporary committee of at least 3 Board members (the committee must contain an odd number of people) to pursue the following procedures in representation of the Board.

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/they shall leave the Board or committee meeting, either in person or through telephone and/or online discussion due to circumstances, 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.

Procedures for Addressing the Conflict of Interest

- a) An interested person may make a presentation to the Board or committee, but after the presentation, he/she/they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b) The chairperson of the Board or committee shall, if appropriate, 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 conflict of interest.
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the 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.

Violations of the Conflicts of Interest Policy

- a) If the 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.
- b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, the Board or committee shall take appropriate disciplinary and corrective action.

Article 4: Records of Proceedings

Minutes

The minutes of the 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 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 or any votes taken in connection with the proceedings.

Article 5: Compensation

5.1 A voting member of the governing who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's compensation.

5.2 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.

5.3 No voting member of the 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.

Article 6: Annual Statements

Each director, officer, and member of a committee with Board delegated powers shall annually 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 policy, and
- d) Understands that 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.

Article 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 review 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 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 payment for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

CERTIFICATE OF ADOPTION OF CONFLICT OF INTEREST POLICY

I do hereby certify that the above stated Conflict of Interest Policy and Agreement for Sandhills PRIDE were approved and adopted by the Board on _____ and constitute a complete copy of the Conflict of Interest Policy of the organization.

 _____, Chair of the Board

 _____, Secretary

Date:

This policy was adapted from resources available on form1023.org for Sandhills PRIDE by Michael Bleggi, Executive Director.