

OSFB Conflict of Interest Policy – 2019 v2

Article I

Purpose

The purpose of the conflict of interest policy is to protect Ocean Shores Food Bank's ("OSFB") status as a charitable organization by identifying and resolving all conflict of interests. This conflict of interest 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

Application of Policy

1. Interested Person

This policy applies to any "interested person." An interested person is any director, officer, manager, key volunteer* or member of a committee with governing board delegated powers, who has a direct or indirect financial interest.

2. Financial Interest

A person has a "financial interest" if a person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which OSFB has a transaction or arrangement
- b. A compensation arrangement with OSFB or with any entity or individual with which OSFB has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which OSFB is negotiating a transaction or arrangement.

Compensation includes direct or 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 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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

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 vote 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 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.
- b. If the governing board or committee determines that there is no conflict of interest, the transaction or arrangement is not subject to the remaining procedures c. through e. outlined in this Section 3. If the governing board or committee determines that there is a conflict of interest, the governing board or committee shall follow the procedures outlined in paragraphs c. through e. of this Section 3.
- c. 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.
- d. After exercising due diligence, the governing board or committee shall determine whether OSFB 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.
- e. 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 directors whether the transaction or arrangement is in OSFB'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 Conflict of Interest Policy

- a. 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.
- b. 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 and 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 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 governing board who receives compensation, directly or indirectly, from OSFB 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 OSFB 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, for OSFB, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI

Annual Statements

Each year, each interested person shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflict of interest policy,
- b. Has read and understands the conflict of interest policy,
- c. Has agreed to comply with the conflict of interest policy, and
- d. Understands OSFB 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.

In addition, on such statement, each interested persons shall disclose or update his or her interests that could give rise to a conflict of interest, such as a list of family members, and other organizations and those of family members.

Article VII

Reviews

To ensure the OSFB operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, regular and consistent reviews (at least annually) shall be conducted. The 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 OSFB's written policies, are properly recorded, reflect reasonable investments or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
- c. Whether the governing board and all committees with board delegated powers are properly implementing this conflict of interest policy.
- d. Whether any improvements should be made to this conflict of interest policy.

Article VIII

Use of Outside Experts

When complying with this conflict of interest policy, OSFB may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility under the conflict of interest policy.

Appendix A – Signatures

Conflict of Interest Affirmation of Compliance

- a. I have received and carefully read the OSFB Conflict of Interest Policy for Ocean Shores Food Bank (OSFB). I have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the OSFB Conflict of Interest Policy. I further understand that this is a nonprofit organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal inurement of benefit by board members, consultants/volunteers or staff.
- b. I hereby state that I do not have any conflict of interest, financial or otherwise that may be seen as competing with the interests of OSFB, nor does any relative or associate have such a potential conflict of interest.
- c. If any situation should arise in the future that I think may involve me in a conflict of interest, I will promptly and fully disclose in writing the circumstances to the Chair of the Board of Directors or to the Executive Director as applicable.

Each Year the Board of Directors reviews and signs this policy.