

Policy on Conflicts of Interest and Disclosures of Certain Interests

Background:

This policy is designed to help board of trustee members identify situations that present potential conflicts of interest and to provide CARES Foundation with a procedure to follow that can allow a transaction to be treated as valid and binding even though a director, officer, or employee has (or may have) a conflict of interest with respect to the transaction.

A conflict of interest is a situation in which a board member has two separate and competing interests and it is unclear which interest will dominate. As long as board members disclose their dual interests to the full board, a conflict of interest doesn't have to be problematic.

The Better Business Bureau's Wise Giving Alliance *Standards for Charity Accountability* state that nonprofits with acceptable governance in place have 'no transaction(s) in which any board or staff members have material conflicting interest with the charity resulting from any relationship or business affiliation.

Example:

A board member has a brother who owns a print shop that could potentially print materials for the organization. It would be acceptable for this printer to enter into a business agreement with the board member's agency as long as:

1. the full board knows that the printer is the board members' brother
2. The job is bid out competitively so there is evidence that the printer's price and quality are equal to or better than the competition, and the process is properly documented
3. There is no expectation from the printer that the organization will guarantee work or use him in the future without competitive bids.

Conflict of Interest Defined:

1. The following circumstances can create conflicts of interest:
 - a. Outside interests
 - i. A contract or transaction between CARES Foundation and a board member or family member
 - ii. A contract or transaction between CARES Foundation and an entity in which a board member or family member has a material financial interest or of which such person is a director, officer, partner, associate, trustee, personal representative, or other legal representative.
 - b. Outside activities
 - i. A board member competing with CARES Foundation in the rendering of services or in any other contract or transaction with a third party
 - ii. A board member having a material financial interest in, or serving as a director, officer, employee, agent, partner, or other legal representative of, or consultant to, an entity or individual that competes with CARES Foundation in the provision of services or in any other contract or transaction with a third party.



- c. Gifts, gratuities, and entertainment: A board member accepting gifts, entertainment or other favors from any individual or entity that:
 - i. Does or is seeking to do business with, or is a competitor of CARES Foundation, or
 - ii. Has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from CARES Foundation
 - iii. Is a charitable organization operating in the U.S.
 - iv. Under circumstances where it might be inferred that such action was intended to influence or possibly would influence the board member in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of CARES Foundation.

Procedures:

- a. Prior to board or committee action on a contract or transaction involving a conflict of interest, a director or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.
- b. A board or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- c. A person who has a conflict of interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- d. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. A member of the board or directors has a conflict of interest when he or she stands for election as an officer or for re-election as a member of the board.

Confidentiality:

Each board member shall not disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of CARES Foundation. Furthermore, a board member shall not disclose or use information related to the business of CARES Foundation for the personal profit or advantage of the board member or family member. Board members are required to review and sign a Confidentiality Agreement on joining the Board.

Review of Policy:

- a. Each new board member shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so
- b. Each board member shall annually complete a disclosure form identifying any relationship, positions, or circumstances in which the board member is involved that he or she believes could contribute to a conflict of interest arising. Such relationships, positions, or circumstances might include services as a director of or consultant to a nonprofit organization or ownership of a business that might provide good or services to CARES Foundation. Any such information regarding business interests of a board member or a family member shall be treated as confidential and shall generally be available only to the Chair, the CEO, and any committee appointed to address conflicts of interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.
- c. This policy shall be reviewed annually by each member of the board of trustees. Any changes to the policy shall be communicated immediately to all board members.

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Conflict of Interest Information Form

Name of board member: _____ Date: _____

Please describe below any relationships, positions, or circumstances in which you are involved that you believe could contribute to a conflict of interest (as defined in the CARES Foundation's policy on conflicts of interest) arising:

I hereby certify that the information set forth above is true and complete to the best of knowledge. I have reviewed, and agree to abide by, the Policy of Conflict of Interest of CARE Foundation that is currently in effect.

Signature: _____ Date: _____