



Family of Women Conflict of Interest Policy

I. PURPOSE

The purpose of the conflict of interest policy is to protect the tax-exempt interest of Family of Women when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. The purposes of this policy are to ensure that directors, officers and key employees act loyally to the corporation and that the people who exercise substantial influence over the corporation do not use their influence to obtain benefits in excess of fair market value in transactions with the corporation. This policy seeks to ensure that the corporation maintains high ethical standards and observes state and federal law concerning conflicts and excess benefit transactions. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interests applicable to nonprofit and charitable organizations.

II. DEFINITIONS

A. CONFLICT OF INTEREST. A conflict of interest arises when an Interested Person (defined below) may benefit financially from a transaction with or by the organization, including direct or indirect benefits to family members or businesses with which the Interested Person is closely associated. A conflict of interest arises in any such transaction between the corporation and an Interested Person, except for:

1. Transactions in the normal course of operations that are available to the general public under similar terms and circumstances, and

2. Expense reimbursements to an Interested Person made pursuant to an accountable plan under I.R.S Regulations.

B. INTERESTED PERSON. An Interested Person includes any of the following:

1. **Insider.** Any person who is in a position of authority over the corporation or who exerts substantial influence over the corporation, including directors, officers, key management employees such as the Executive Director and the Chief Financial Officer and other key employees, the founders of the corporation, and major donors, or a member of an Executive Committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below. An insider described in this section remains an insider for five years after their influence over this corporation ends.
2. **Family Members.** Family members of insiders are also Interested Persons. Family members include a spouse, a partner in a civil union recognized by state law, or a person in a significant relationship living with an insider; children, grandchildren and great-grandchildren; whole and half-blooded siblings; the spouses of any of these people; and parents, grandparents and great-grandparents.
3. **Entities.** An entity in which a director is an insider, as defined above, is an Interested Person. Corporations and limited liability companies in which an insider owns more than 5% of the voting power, partnerships in which the insider owns more than 5% of the profits, and trusts or estates in which the insider owns more than 5% of the beneficial interest are Interested Persons.
 - a. **Other Nonprofits and For-Profits.** Another nonprofit or for-profit entity is an Interested Person if:
 - i. One of the directors of this organization is also a director or officer or the other entity, and

- ii. This organization and the other entity are engaged in a transaction that is significant enough that the transaction is, or should be, approved by the boards of both organizations.

C. FINANCIAL INTEREST. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
2. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
3. 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.

D. CONFLICTS THAT FALL OUTSIDE OF SCOPE OF DEFINITION.

The board recognizes that this policy may not describe all of the transactions or arrangements which an Interested Person, or an individual or business closely connected with an Interested Person, may enter into with the corporation that creates divided loyalties, or the possibility or perception of a conflict of interest, or of unfair advantage to the other party. In such cases, the board shall determine whether the transaction should be treated as a conflict of interest under this policy or should otherwise be scrutinized. A financial interest is not necessarily a conflict of interest. Under Article IV, 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.

III. PROHIBITED CONFLICTS

- A. Loans to Directors or Officers.** The organization cannot make a loan or guarantee an obligation to, or for the benefit of, any of its directors or officers.

IV. PROCEDURES FOR APPROVING PERMISSIBLE CONFLICTS

In order to ensure that permissible transactions with Interested Persons are fair to the corporation and comply with state and federal laws, the following procedures must be followed:

- A. Duty to Disclose.** In connection with any actual or possible conflict of interest, an Interested Person must promptly and fully 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, at the time the conflict of interest transaction is considered.
- B. Determining Whether a Conflict of Interest Exists.** The board or committee members may ask questions of the Interested Person prior to beginning its discussion. After disclosure of the financial interest and all material facts, and after any discussion with the Interested Person, the Interested Person 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.
- C. Procedures for Addressing the Conflict of Interest.** If it is determined under step 2 above that a conflict of interest exists:
 - 1.** An Interested Person may make a presentation at the governing board or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

2. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to obtain independent and reliable information regarding the fair market value of the goods or services involved in the conflict of interest transaction under consideration, and to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence and considering independent and reliable information regarding the fair market value of the goods or services involved in the proposed transaction, the governing 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.
4. 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 all the disinterested directors in office at the time of the vote whether the proposed transaction or arrangement is fair and reasonable and is in the organization's best interest for its own benefit. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
5. If the conflict of interest involves compensation, the Board shall gather appropriate data to ensure that the compensation for each Interested Person is reasonable. In the case of employment compensation packages, the Board shall utilize reliable surveys of compensation for comparable positions or shall utilize data for at least three similar situated employees in comparable positions. The Board shall not use the employee whose compensation is under consideration to collect comparability data. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement by a vote described in D, above.

D. Violations of the Conflicts of Interest Policy.

1. 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.
2. 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 take appropriate disciplinary and corrective action.

V. COMPENSATION

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

VI. RECORD 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, the comparability data and how the data was obtained, 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.
- C.** The records must be prepared before the latter of the next Board meeting or sixty (60) days after the final action is taken. Once prepared, the records must be reviewed and approved by the Board within a reasonable time.

VII. 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:

- A.** Whether compensation and other benefit arrangements with employees, independent contractors, and others are reasonable, based on competent survey information, and the result of arm's length bargaining.
- B.** When employee compensation packages are established each year, the Board shall identify those employees who are Interested Persons under this policy. The Board shall monitor the compensation packages of Interested Persons in accordance with the procedure in this policy.
- C.** 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.

VIII. USE OF OUTSIDE EXPERTS

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

IX. COMPLIANCE WITH THIS POLICY

In order to ensure compliance with this policy:

- A. Annual Disclosure Statement.** The officers, directors and key employees shall each year disclose interests that could give rise to a conflict of interest under this policy. Such disclosure shall be made on the organization's Conflict of Interest Disclosure Statement form and shall be filed with the Secretary or the Secretary's designee.
- B. List of Potential Interested Persons.** On an annual basis, the Secretary of the corporation or the Secretary's designee shall develop and maintain a list of Interested Persons who engage in, or are reasonably likely to engage in, transactions that constitute conflicts of interest with the corporation during the year.
- C. Ongoing Disclosure Obligation.** Officers, directors, and key employees shall have an ongoing obligation to notify the Board promptly of interests that subsequently arise that could give rise to a conflict of interest under this policy.
- D. Monitoring by Secretary.** The Secretary or the Secretary's designee shall monitor and enforce compliance with this policy by reviewing the list of Interested Persons and the Disclosure and Acknowledgment forms each year

and by bringing potential or actual conflicts to the attention of the President of the Board. The President shall disclose conflicts to the Board as they arise and ensure that the procedures in this policy are followed.

E. Conveyance to the Executive Director. The Secretary or the Secretary's designee shall convey the list of Interested Persons identified above to the Executive Director and shall instruct the Executive Director to notify the Board if the Executive Director or any employee plans to engage in a transaction with an Interested Person that constitutes a conflict of interest. The Board shall monitor any such transaction to ensure that it complies with this policy.

X. DELEGATION TO COMMITTEE

The Board may delegate its responsibilities under this policy to a committee of the Board. The committee shall comply with this policy and shall report its decision to the Board in a timely fashion.

Approved by the Family of Women Board of Directors

February 1, 2019