

Appendix F – Conflict of Interest Policy



Conflict of Interest Policy

Conflict of Interest Policy and Annual Statement for Directors, Officers, and Members of a Committee and College Members

Article I -- Purpose The purpose of this Board conflict of interest policy is to protect I.S.Q.C.C.B.E.'s interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of I.S.Q.C.C.B.E. or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations. This policy is also intended to identify "independent" directors.

Article II -- Definitions

- **Interested person** – Board of director, member of a committee or college member who has a direct or indirect financial interest, as defined below, is an interested person.
- **Financial interest** -- A person has a financial interest if the person has, directly or indirectly, through business, investment, or family, an ownership or investment interest in any entity with which I.S.Q.C.C.B.E. has a transaction or arrangement, a compensation arrangement with I.S.Q.C.C.B.E. or with any entity or individual with which I.S.Q.C.C.B.E. has a transaction or arrangement, or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which I.S.Q.C.C.B.E. 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. A person who has a financial interest may have a conflict of interest only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

Article III -- Procedures

- **Duty to Disclose** -- In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the BOD.
- **Recusal of Self** – Any person may recuse themselves at any time from involvement in any decision or discussion in which the president of the board believes that person has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
- **Determining Whether a Conflict of Interest Exists** -- After disclosure of the interest and all material facts, and after any discussion with the interested

person, they shall leave the board meeting while the determination of a conflict

of interest is discussed and voted upon. The remaining board members shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest

- An interested person may make a presentation at the board meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- The president of the board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. If the matter involves the president of the board then the vice president of the board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, the board shall determine whether I.S.Q.C.C.B.E. 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.
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in I.S.Q.C.C.B.E.'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

If the board 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. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board determines the member 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 board and all committees shall contain:

- The names of the persons who disclosed or otherwise were found to have an interest in connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the board's decision as to whether a conflict of interest in fact existed.
- 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 voting member of the board who receives compensation, directly or indirectly, from I.S.Q.C.C.B.E. for services is precluded from voting on matters pertaining to that member's compensation.
- A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from I.S.Q.C.C.B.E. for services is precluded from voting on matters pertaining to that member's compensation.
- No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from I.S.Q.C.C.B.E., either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI – Annual Statements

Each board member and college member shall annually sign a statement which affirms such person:

- Has received a copy of the conflict of interest policy,
- Has read and understands the policy,
- Has agreed to comply with the policy, and
- Understands I.S.Q.C.C.B.E. 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.
- If at any time during the year, the information in the annual statement changes materially, the board or college member shall disclose such changes and revise the annual disclosure form.
- The board shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VII – Periodic Reviews

To ensure I.S.Q.C.C.B.E. 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:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with organizations, if any, conform to I.S.Q.C.C.B.E.'s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in compensation or impermissible private benefit or in an excess benefit transaction.

Article VIII – Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, I.S.Q.C.C.B.E. may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.



BOD and College of Monarchs Annual Conflict of Interest Statement

Name: _____ Date: _____

Position: _____

I affirm the following:

I have received a copy of the I.S.Q.C.C.B.E. Conflict of Interest Policy. _____(initial)

I have read and understand the policy. _____(initial)

I agree to comply with the policy. _____(initial)

I understand that the I.S.Q.C.C.B.E. is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax-exempt purposes. _____(initial)

Disclosures:

Do you have an interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with I.S.Q.C.C.B.E.? Yes / No

If yes, please describe it:

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

Review by board president

Signature of the board President (Vice President shall sign for President's Statement)

Signature (Legal Name)

Printed (Legal Name)

Date ____ / ____ / ____