



## **Conflict of Interest Policy**

### **Article I**

#### **Purpose**

The purpose of the Conflict of Interest Policy is to protect the interest of the Atascadero Printery Foundation (APF) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the APF 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 conflict of interest applicable to nonprofit and charitable organizations.

The Conflict of Interest Policy is designed to help identify situations that present actual or potential conflicts of interest.

### **Article II**

#### **Definitions**

##### **1. Interested Person**

Any director, principal officer, or member of a committee with board delegated powers, who has a, direct or indirect, personal or financial interest, as defined below, is an interested person.

##### **2. Financial Interest**

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

- a. An ownership or investment in any entity with which the APF has a transaction or arrangement,
- b. A compensation arrangement with the APF or with any entity or individual with which the APF has a transaction or arrangement,
- c. A potential ownership or investment interest in or compensation arrangement with, any entity or individual with which the APF is negotiating a transaction or arrangement, or
- d. Any other source of income, including income from clients, received by or promised to the person within twelve months prior to the time when the decision is made, this excludes any loans made by a commercial lending institution in the regular course of business, or
- e. Any business entity in which the person is a director, officer, partner, trustee, employee, or holds any management position.

It is understood that the offering of goods and/or services free of charge is not an activity that would be subject to the conflict of interest policy.

### **3. Compensation**

Compensation includes direct and indirect remuneration as well as gifts or favors that are not minimal. To qualify as minimal, the fair market value must be less than \$50 and be given infrequently. Examples of qualifying items include holiday gifts, logo apparel, and food or drinks.

### **4. Personal Interest**

An individual has a personal interest where there exists a personal non-financial interest that could impair the individual's ability to act impartially and in the best interest of the APF when making or participating in the making of decisions.

## **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.

It is sufficient for the purpose of this section that the person indicate only that she/he has a disqualifying financial or personal interest.

### **2. 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, she/he must leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the conflict of interest.
- b. Aside from the above-mentioned presentation, an interested person required to disqualify herself/himself because of a conflict of interest shall
  - i. immediately disclose the interest,
  - ii. withdraw from any participation in the matter,
  - iii. refrain from attempting to influence any decision of any board or committee, and
  - iv. refrain from voting on the transaction or arrangement involving the conflict of interest
- c. The board of directors or committee chairperson shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or agreement.
- d. After exercising due diligence, board of directors or committee shall determine whether the APF 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 board of directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the APF'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 board of directors or committee has reasonable cause to believe a person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such a belief and afford him/her an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response and after making further investigation as warranted by the circumstances, the board of directors or committee determines the interested person failed to disclose a conflict of interest, it shall take appropriate disciplinary or corrective action.

### **Article IV**

#### **Recordings of Proceedings**

1. The minutes or meeting summaries of the board of directors and all committees with board delegated powers shall contain:
  - a. The names of the interested person(s) 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 interest, and any action taken to determine whether a conflict of interest was present.
  - 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 alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### **Article V**

#### **Annual Statements**

1. Each director, principal officer and member of a committee with governing board delegated powers 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 policy,
  - c. Has agreed to comply with the policy, and
  - d. Understands the APF is a charitable organization 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 VI**

#### **Periodic Reviews**

1. To ensure the APF 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 arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

- i. Arm's length bargaining is defined as an agreement made between independent, unrelated, and well-informed parties looking out for their own individual interests. Such agreements are freely entered into, and the price, requirements, and other conditions are real and at fair market value.
- b. Whether partnerships, joint ventures, and arrangements conform to the APF'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 excess benefit transaction.

## **Article VII**

### **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VI, the APF may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of directors of its responsibility for insuring periodic reviews are conducted.

*Please sign and return the following page acknowledging that you have read and will comply with the APF Conflict of Interest Policy to the Atascadero Printery Foundation*

Please sign and return this page to the Atascadero Printery Foundation

**Agreement to Comply with Conflict of Interest Policy**

I understand that all directors, principal officers and committee members agree that they will comply fully with the APF Conflict of Interest Policy and will not engage in any self-dealing.

I have read, understand, and agree to the APF Conflict of Interest Policy.

Signature \_\_\_\_\_

Name (printed) \_\_\_\_\_ Date \_\_\_\_\_