



Main Street Gardnerville Program Corporation Policies and Procedures

SUBJECT: CONFLICT OF INTEREST POLICY

It is the best interest of the Main Street Gardnerville Program Corporation (hereinafter "MSG") to be aware of and properly manage all conflicts of interest and appearances of conflict of interest. This conflict of interest policy is designed to help directors, officers, employees and volunteers of MSG to identify situations that present potential conflicts of interest and to provide MSG with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency.

I. Purpose

The purpose of the conflict of interest policy is to protect MSG 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. 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.

II. Definitions

Conflict of Interest Defined. In this policy, a person with a conflict of interest is referred to as an "interested person." For purposes of this policy, the following circumstances shall be deemed to create a Conflict of Interest:

1. A director, officer, employee or volunteer, including a board member (or family member of any of the foregoing) is a party to a contract, or involved in a transaction with MSG for goods or services.
2. A director, officer, employee or volunteer, (or family member of any of the foregoing) has a material financial interest in a transaction between MSG and an entity in which the director, officer, employee or volunteer, or a family member of the foregoing, is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, or other legal representative.
3. A director, officer, employee or volunteer, (or family member of the foregoing) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with MSG.
4. Other situations may create the *appearance of a conflict*, or present a *duality of interests* in connection with a person who has influence over the activities or finances of MSG.

Interested Person. Any director, principal officer, or member of a committee with governing board delegated powers, 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:

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

Compensation. Direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. As addressed below, 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. Procedures

1. **Disclosure of Conflict or Potential Conflicts.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest orally and/or on the Conflict of Interest Disclosure Form appended to this policy. Any director, officer or staff member who becomes aware of any actual or perceived conflict of interest is encouraged to report the same to any board member. The interested person will 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 or report of a perceived conflict of interest, and after any discussions with the interested person, he or she 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.
3. **Procedures for Addressing the Conflict of Interest.** If a conflict of interest is found to exist, the following procedures shall be employed:
 - a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. 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.
 - c. After exercising due diligence, the governing board or committee shall determine whether MSG 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.
 - d. If a more advantageous transaction or arrangement is not reasonably possible under the 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 MSG'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.

IV. Violations of the Conflicts of Interest Policy.

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.

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 corrective action, which may include disciplinary action as appropriate.

V. Records of Proceedings.

The minutes of the governing board and all committees with board-delegated powers shall contain:

1. 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 boards or committee's decision as to whether a conflict of interest in fact existed.
2. The names of 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.
3. A statement that the interested person was not present when the governing body or committee considered whether the matter represented a conflict of interest and did not vote on the matter itself.

VI. Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from MSG for services is precluded from voting on matters pertaining to that member's compensation.
2. 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.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MSG, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

VII. Annual Statements

MSG is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes. Therefore, each director, officer and member of a committee with governing board-delegated powers shall annually sign a Conflict of Interest Disclosure Form that affirms such person:

1. Received a copy of the conflicts of interest policy;
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Discloses any conflicts of interests.

Notwithstanding the provision of annual statements, any director, officer or staff member who becomes aware of a conflict of interest or perceived conflict of interest at any time, must disclose or report, as the case may be, the actual or perceived conflict of interest to any member of the Board of Directors.

VIII. Periodic Reviews

To ensure MSG 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arms' length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to MSG'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.

IX. Use of Outside Advisors

When conducting the periodic reviews as provided above, MSG may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

X. Conclusion

A copy of this policy shall be given to all board members, officers, staff members, and volunteers upon commencement of such a person's relationship with MSG or at the official adoption of this policy. Each board member, officer, staff member and volunteer shall sign and date the Conflict of Interest Disclosure form at the beginning of his/her term of service or employment and each year thereafter. Failure to sign does not nullify the policy.

This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated to all staff and volunteers.



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I hereby acknowledge receipt of MSG Conflict of Interest Policy. I have read, understand and agree to abide by the MSG's Conflict of Interest Policy.

NAME: _____

POSITION: _____

TITLE: _____

DATE: _____