

# **Honoring of the Elders**

## **CONFLICT OF INTEREST POLICY**

It is in the best interest of Honoring of the Elders to be aware of and properly manage all conflicts of interest and appearances of a conflict of interest. This conflict of interest policy is designed to help the board of directors, committees and coordinators of the Honoring of the Elders identify situations that present potential conflicts of interest and to provide Honoring of the Elders with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in Honoring of the Elders operation.

### **SECTION 1. PURPOSE:**

Honoring of the Elders is a nonprofit organization. Maintenance of its nonprofit status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of Honoring of the Elders as a public charity, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public. Consequently, there exists between Honoring of the Elders and its board, committees, coordinators, volunteers and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity.

The board of directors, committee and, coordinators have the responsibility of administering the affairs of Honoring of the Elders honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of Honoring of the Elders. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with Honoring of the Elders or knowledge gained through their involvement in Honoring of the Elders for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

The duty of loyalty generally requires the board of directors, committee and, coordinators to choose the interests of the corporation over the their interests or the interests of others. In addition, board of directors, committee and, coordinators of the corporation shall avoid acts of self-dealing which may adversely affect the tax-exempt status of the corporation or cause there to arise any sanction or penalty by a governmental authority.

Conflicts are undesirable because they potentially or eventually place the interests of others ahead of the corporation's obligations to its charitable purposes and to the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, the long-range best interests of the corporation do not require the termination of all association with persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

### **SECTION 2. PERSONS CONCERNED:**

This statement is directed not only to the board of directors, also to it's committees, coordinators, and volunteers and to all who can influence the actions of Honoring of the Elders. For example, this would include all who make purchasing decisions and all persons who has proprietary information concerning Honoring of the Elders.

#### **2.1 Definitions.**

- a. A "Conflict of Interest" is any circumstance described in section 3 of this Policy.
- b. An "Interested Person" is any person serving as a committee member, coordinator, volunteer or

member of the Board of Directors of Honoring of the Elders or a major donor to Honoring of the Elders or anyone else who has a personal interest that is in conflict with the interests of Honoring of the Elders.

- I. A committee member, coordinator, volunteer, including any board of director, (or family member of any of the foregoing) is a party to a contract, or involved in a transaction with Honoring of the Elders for goods or services.
  - II. A committee member, coordinator, volunteer, including any board of director, (or a family member of any of the foregoing) has a material financial interest in a transaction between Honoring of the Elders and any entity in which a committee member, coordinator, volunteer, any board of director, or a family member of the foregoing, is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, legal representative or is engaged in some capacity or has a material financial interest in a business, enterprise, corporation, or organization that competes with Honoring of the Elders.
- c. A "Family Member" is a spouse, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of an interested person.
  - d. A "Material Financial Interest" in an entity or person that has a financial interest of any kind, directly or indirectly, through business, investment, or family: which, in view of all the circumstances, is substantial enough that it would or could reasonably affect its judgment with respect to transactions to which the entity is a party.
    - I. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
    - II. A compensation arrangement with the corporation, organization or with any entity or individual with which Honoring of the Elders has a transaction or arrangement with.
    - III. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Honoring of the Elders is negotiating a transaction or arrangement.

Compensation includes direct and indirect payment 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 appropriate governing board decides that a conflict of interest exists.

- e. A "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship, or the exercise of control over another organization. The making of a gift to Honoring of the Elders is not a Contract or Transaction.

### SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

**3.1** Conflicts of interest may arise in the relations of board, committees, coordinators, volunteers, their families and any of the following third parties:

- a. Persons and firms supplying goods and services to Honoring of the Elders.
- b. Persons and firms from whom Honoring of the Elders leases property and equipment.
- c. Persons and firms with whom Honoring of the Elders is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
- d. Competing or affinity organizations.

- e. Donors and others supporting Honoring of the Elders.
- f. Agencies, organizations, and associations which affect the operations of Honoring of the Elders.
- g. Family members, friends, and others.

**3.2** Other situations may create the *appearance of a conflict* in connection with a person who has influence over the activities or finances of the nonprofit. One of those maybe when a member of the board of directors has divided loyalties (also known as a "duality of interest"). The former can result in situations that results in inappropriate financial gain to persons in authority. All such circumstances should be disclosed to the board as appropriate, and a decision made as to what course of action the organization or individuals should take so that the best interests of the nonprofit are not compromised by the personal interests in the nonprofit. Conflicts that are not managed can result in significant penalties, called "intermediate sanctions" assessed against the person who benefits as well as against the organization. Such situations could lead to financial penalties and violations of IRS regulations. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in Honoring of the Elders decision-making process. Both results are damaging to Honoring of the Elders and are to be avoided. Honoring of the Elders takes a broad view of conflicts, the board of directors, it's committees, coordinators, and volunteers are urged to think of how a situation/transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.

#### SECTION 4. NATURE OF CONFLICTING INTEREST:

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

- 1.holding debt or other proprietary interests in any third party dealing with Honoring of the Elders.
- 2.Holding office, serving on the board, participating in management, or helping with operations with any third party dealing with Honoring of the Elders.
- 3.Receiving payment for services with respect to individual transactions involving Honoring of the Elders.
- 4.Using Honoring of the Elders time, personnel, equipment, supplies, or good will for anything other than Honoring of the Elders approved activities, programs, and purposes.
- 5.Receiving personal gifts or loans from third parties dealing or competing with Honoring of the Elders. Receipt of any gifts is disapproved. No personal gift of money should ever be accepted.

Gifts, Gratuities and Entertainment. Accepting gifts, entertainment or other favors from individuals or entities can also result in a conflict or duality of interest when the party providing the gift, entertainment, or favor does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the interested person 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 Honoring of the Elders.

#### SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:

**5.1** The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the board, committees, coordinators and volunteers will recognize such areas and relation by analogy.

**5.2** The fact that one of the interests described in Sections 3 and the relations in those areas which may give rise to conflict, as listed in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of Honoring of the Elders. For example:

- a.** Reasonable compensation for services is permitted. Honoring of the Elders may pay reasonable compensation to a board of director, committee personnel, a coordinator and volunteers for services they provide on behalf of the nonprofit. The key qualification is "reasonable," Not more than fair market value. Fair market value is the amount ordinarily paid for like services by a like enterprise under like circumstance.
- b.** Interested transactions may be permitted so long as certain steps are taken. The three steps with regard to an interested director transaction are:
  - I. Disclose** material facts;
  - II. Ensure** that the transaction is fair and beneficial to the nonprofit
  - III. Document** the decision-making process.

**5.3** However, it is the policy of the board that the existence of any of the interests described in Sections 3 and the relations in those areas which may give rise to conflict, as listed in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, committees, coordinators and volunteers to scrutinize their transactions and business interests and relationships for potential conflicts and to immediately make such disclosures known.

## SECTION 6. DISCLOSURE POLICY AND PROCEDURE:

### **6.1 Duty to Disclose**

In connection with any actual or possible conflict of interest, the interested person must disclose the existence of the conflict of interest and be given the opportunity to disclose all material facts to the Board of Directors considering the proposed transaction for arrangement.

### **6.2 Determining Whether a Conflict of Interest Exists**

For each possible conflict of interest disclosed to the Board of Director's it will determine whether there is the potential of an affiliation, personal interests, transaction or arrangement that maybe otherwise adverse to Honoring of the Elders thus rising it to the level of a conflict of interest.

### **6.3 Procedures for Addressing the Conflict of Interest**

- a.** A person who has a Conflict of Interest may make a presentation to disclose material facts and to respond to questions at the board of directors meeting, but after the presentation, he/she shall leave the meeting and not be permitted to hear the boards of directors discussion of the matter, and the vote on, the transaction or arrangement involving the possible conflict of interest. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- b.** The president of the board of directors shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
- c.** After exercising due diligence, the board of directors shall determine whether the Honoring of the Elders can obtain with reasonable efforts an alternative transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d.** If after reviewing the alternative transactions or arrangements reasonably possible under circumstances not producing a conflict of interest, the board of directors shall determine by a

unanimous vote whether the alternative transactions or arrangements is in the organization's best interest, or if the conflicted transaction is in the organization'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 to approve and to enter into the transaction or arrangement.

- e. Each board of director, committee member, and coordinator shall exercise to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of Honoring of the Elders.

#### **6.4. Violations of the Conflicts of Interest Policy**

- a. If the board of directors 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board of directors determines that such persons has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **SECTION 7. RECORDS OF PROCEEDINGS**

#### **7.1 Minutes**

The minutes of the meeting shall contain:

- a. The names of who were present at the meeting and names of the person(s) who disclosed the interest in connection with an actual or possible conflict of interest.
- b. the nature of the interest and a description of the actual or possible conflict of interest.
- c. The fact that the interested individuals left the meeting room prior to the deliberations and vote
- d. The actions taken to determine as to whether a conflict of interest did in fact exist.
- e. If no conflict of interest was found then it must be noted that there was a vote to refrain from taking action.
- f. If a conflict of interest was determined, what alternatives were considered and the basis for the final decision.
- g. If the conflicted transaction was approved, the minutes should list the facts that convinced the decision and that it was in the organization's best interests.

### **SECTION 8. COMPENSATION**

**8.1** A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

**8.2** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

**8.3** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding

compensation.

## SECTION 9.ANUAL STATEMENTS AND REVIEW

**9.1** Honoring of the Elders board of director's will annually disclose and promptly update any conflict of interest disclosures previously made on an Annual Conflict Disclosure Questionnaire form provided by the Organization that requests them to identify their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members as well as other nonprofit organizations.

**9.2** Board and staff are also urged to disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the potential conflict or appearance of a conflict.

Each board of director with governing board delegated powers shall annually sign a statement which affirms such person. In addition each

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- e. Understands that the corporation 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.

**9.3** To ensure the corporation 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.
- b. Whether partnerships, joint ventures, and arrangements with management corporations conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefit or in an excess benefit transaction.

## SECTION 10. USE OF OUTSIDE EXPERTS

**10.1** When conducting the periodic reviews as provided for in Article VII, the corporation 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.

Honoring of the Elders board of directors, committee and, coordinators shall not derive any personal profit or gain, directly or indirectly, by reason of his or her participation with Honoring of the Elders. Each individual shall disclose to the Board of Directors any personal interests that may cause a conflict which he or she may have in any matter pending before the organization and shall refrain from participation in any discussion or decision on such matter.

Any new member of the Board of Directors shall be given this policy at the time of their election onto

the Board of Directors and the policy will be reviewed annually by the board at a regularly scheduled meeting.

We understand that the purposes of this policy are to protect the integrity of Honoring of the Elders and the organization's decision-making process as well as to enable our constituencies to have confidence in the integrity, intentions and actions of the officers, staff, board members and volunteers. To that end, we understand that this policy is not meant to supplement good judgment and all constituents should respect its spirit as well as its wording.

In witness whereof, the undersigned has hereunto signed as of the date herein shown below.

Moved by: Aric Junkins - President/CEO

Second by: Heather Bansil - Treasurer

Third by: Laurie Bonica - Secretary

## **Conflict of Interest Agreement**

The standard of behavior at Honoring of the Elders is that board of directors, committee and, coordinators scrupulously avoid conflicts of interest between the interests of Honoring of the Elders on one hand, and personal, professional, and business interests on the other. This includes avoiding potential and actual conflicts of interest, as well as perceptions of conflicts of interest.

I understand that the purposes of this policy is to protect the integrity of the organization decision making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputations of board of directors, committee and, coordinators. Upon or before election, hiring, or appointment, I will make a full, written disclosure of interests, relationships, and holdings that could potentially result in a conflict of interest. This written disclosure will be kept on file and I will update it as appropriate.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business or other nonprofit affiliations), my family, and/or my significant other, employer, or close associates will receive a benefit or gain. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question.

I understand that this policy is meant to supplement good judgment, and I will respect its spirit as well as its wording.

Aric Junkins - President/CEO

Heather Bansil - Treasurer

Laurie Bonica - Secretary