

**CONFLICTS OF INTEREST POLICY FOR DIRECTORS AND OFFICERS  
OF  
MIDLANDS COMMUNITY FOUNDATION**

**ARTICLE I  
PURPOSES**

The purpose of this Conflicts of Interest Policy ("Policy") is to protect the interests of Midlands Community Foundation ("Corporation") when it is entering into any transactions or services from a source that, in turn, might directly or indirectly, benefit the private interests of an officer, Director, or employee of the Corporation. This Policy is intended to supplement, but not replace, any federal and state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

**ARTICLE II  
DEFINITIONS**

1. "Director" means member of the Board of Directors of the Corporation.
2. "Board" means the Board of Directors of the Corporation.
3. "Conflict of Interest" means a condition in which an Interested Person's own interest, or the interest of a family member or business associate of an Interested Person, may be viewed by third parties as influencing the way in which the Interested Person votes or otherwise responds to matters affecting the Corporation. This condition may exist even if the Interested Person does not commit any overt act.
4. "Financial Interest" means any instance where an Interested Person has, directly or indirectly, through business, investment or members of his/her immediate family:
  - a. an ownership, direct interest, or other investment interest in any entity from whom the Corporation makes purchases or obtains service or enters into any transaction; or
  - b. a compensation or other remuneration arrangement, including gifts or favors that are substantial, with the Corporation or with any entity or individual from whom the Corporation makes purchases or obtains services; or
  - c. a potential ownership, potential direct interest, or other investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a purchase or service arrangement, or any transaction.
5. "Interested Person" means any Director, officer, or employee who has a direct or indirect Financial Interest.

## ARTICLE III PROCEDURES

### 1. Duty to Disclose

Immediately upon becoming aware of a transaction, situation or occurrence which the Interested Person knows may constitute an actual or potential Conflict of Interest, the Interested Person must disclose the existence and nature of the Interested Person's Financial Interest and all material facts to the Board. The Interested Person shall make such disclosure by completing and executing a Conflict of Interest Statement and returning it to the President of the Corporation. Conflict of Interest Statements may be obtained from the Executive Director or President at any time.

### 2. Determining Whether a Conflict of Interest Exists

The President shall present the nature of the actual or potential Conflict of Interest and all material facts pertaining thereto at a regular or special meeting of the Board. After the Board has an opportunity to ask questions of the Interested Person, he or she shall leave the meeting while the remaining Directors decide if a Conflict of Interest exists. If the remaining Directors determine the Interested Person's Financial Interest, in fact, creates a Conflict of Interest, the Board shall follow the procedures set forth in Section 3 of this Article III in deciding whether to enter into the particular transaction or arrangement that could benefit the Interested Person.

### 3. Procedures for Addressing the Conflict of Interest

- a. An Interested Person may make a presentation at the Board meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the actual or potential conflict of interest.
- b. Any Interested Person or any person employed or involved with any charitable interest that may benefit from the charitable endeavors at Midlands Community Foundation immediately must recuse themselves from any votes involving the transaction.
- c. The President shall, if appropriate, appoint a disinterested person or persons to investigate alternatives to the proposed transaction or arrangement.
- d. After exercising due diligence, the Board shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a Conflict of Interest, the Board shall determine by a majority vote of the disinterested person or persons whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy

- a. If the Board has reasonable cause to believe that an Interested Person has failed to disclose actual or potential Conflicts of Interest, it shall inform the Interested Person of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, the Board determines that the Interested Person has, in fact, failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action, including, without limitation and in its discretion, requesting the resignation of such Interested Person.

**ARTICLE IV  
RECORDS OF PROCEEDINGS**

The Minutes of the Board shall contain the following:

1. The names of the Interested 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 Board's decision as to whether a Conflict of Interest in fact existed.

2. 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 therewith.

**ARTICLE V  
COMPENSATION**

An Interested Person who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Interested Person's compensation; provided, however, that such Interested Person shall not be prohibited from providing information regarding compensation.

**ARTICLE VI  
ANNUAL STATEMENTS**

Each Interested Person shall annually sign a statement which affirms that such person:

- a. received a copy of the Policy,
- b. read and understands the Policy,
- c. agrees to comply with the Policy, and
- d. understands that the Corporation is a charitable organization and that 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 VII  
PERIODIC REVIEWS**

To ensure that the Corporation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted by such persons as the Board shall designate, in its sole discretion. The periodic reviews shall, at a minimum, address whether transactions and arrangements into which the Corporation enters are reasonable and the result of arm's-length bargaining, conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in a Conflict of Interest. In conducting the periodic reviews, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for properly conducting and completing periodic reviews.

**CERTIFICATION**

The undersigned, as duly elected and acting Secretary/Treasurer of Midlands Community Foundation, hereby certifies that the foregoing Conflict of Interest Policy was duly adopted by the Board of Directors on May 26, 2015.

  
\_\_\_\_\_  
Kevin Dasher, Secretary/Treasurer