



## **CONFLICT OF INTEREST POLICY**

### **I. Purpose**

Ward 8 Woods encourages the active involvement of its directors, officers, and employees in the community. In order to deal openly and fairly with actual and potential conflicts of interest that may arise as a consequence of this involvement, Ward 8 Woods adopts the following Conflict of Interest Policy.

### **II. Policy**

Directors, officers, and employees are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a director or employee and those of Ward 8 Woods. A conflict of interest exists when the loyalties or actions of a director, officer, or employee are divided between the interests of Ward 8 Woods and the interest of the director, officer, or employee. Both the fact and the appearance of a conflict of interest should be avoided.

### **III. Definitions**

*Affiliated, affiliation* includes all direct and indirect financial interests between a director, officer, or employee and a person with whom Ward 8 Woods is considering entering into any transaction. It also includes any other interest that may influence the judgment of a director, officer or employee. An objective test is applied to determine whether an affiliation exists between the director or employee and the other person: whether the involvement or relationship of the director, officer, or employee with the other person is such that it reduces the likelihood that the director, officer, or employee can act in the best interests of Ward 8 Woods.

*Person* means any individual, trust, estate, partnership, association, company or corporation.

*Substantial influence over Ward 8 Woods.* The following persons are deemed to have substantial influence over Ward 8 Woods: each member of the Board of Directors; the officers of Ward 8 Woods, and such persons' spouse, ancestors, children, grandchildren, great grandchildren, brothers, sisters and the spouses of the children, grandchildren, great grandchildren, brothers and sisters; and an entity in which such persons hold more than 35 percent of the control. Furthermore, any person who met one of these definitions in the five years before the proposed transaction is deemed, for purposes of this Policy, to have **IV.**

#### **IV. Procedures**

##### Duty to Disclose

Each employee shall disclose to the Executive Director all material facts regarding the affiliation of such employee with any person with whom Ward 8 Woods is considering entering a transaction. The employee shall make that disclosure promptly upon learning of the link between that person and transaction.

The Executive Director and any other person with substantial influence over Ward 8 Woods shall disclose to the Board all material facts regarding his or her affiliation with any person with whom Ward 8 Woods is considering entering a transaction. The Executive Director or person with substantial influence shall make that disclosure promptly upon learning of the link between that person and the transaction. If there is a question as to whether the employee has substantial influence over Ward 8 Woods, the Executive Director shall present this issue to the Board of Directors, and the Board shall resolve the matter.

At any meeting of the Board at which a transaction involving an affiliated person will be considered, a director shall disclose to the members of the Board all material facts regarding the director's affiliation with any person with whom the Board is considering entering into any transaction.

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

With regard to an employee without substantial influence over Ward 8 Woods, the Executive Director shall determine whether a conflict of interest exists.

With regard to the Executive Director, or a person with substantial influence over Ward 8 Woods, the Board shall determine if a conflict of interest exists.

After an affiliation disclosure by a director at a Board meeting, the director shall leave the meeting while the implications of the affiliation are considered and voted upon. The remaining Board members shall determine if a conflict of interest exists.

##### Consequences of the Existence of a Conflict of Interest

With regard to an employee without substantial influence over Ward 8 Woods, the Executive Director shall decide the appropriate response by Ward 8 Woods once a conflict of interest has been determined to exist. An employee may appeal any adverse determination to the Board.

With regard to the Executive Director or a person with substantial influence over Ward 8 Woods, the Board shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

In the case of a director, they may make a presentation at the board or committee meeting, but after the presentation the director shall leave the meeting while the transaction is discussed and shall not vote on it. The remaining directors shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

#### **V: Findings of the Board**

If the Board of Directors determines that a person with substantial influence over Ward 8 Woods (such person) has a conflict of interest with regard to a transaction of Ward 8 Woods, Ward 8 Woods may engage in the transaction only if the following conditions are met prior to the transaction:

A. Such person shall disclose to the Board all material facts concerning the person's affiliation with the transaction.

B. The Board shall review the material facts. The transaction may be approved only if a majority of the directors, not counting the vote of such person, concludes that:

- (1) The proposed transaction is fair and reasonable to Ward 8 Woods, and
- (2) Ward 8 Woods proposes to engage in this transaction for its own purposes and benefits and not for the benefit of such person, and
- (3) The proposed transaction is the most beneficial arrangement which Ward 8 Woods could obtain in the circumstances with reasonable efforts.

Interested members may be counted in determining the presence of a quorum at a meeting of the Board of Directors or any Committee, thereof, which authorizes, approves or ratifies a transaction or arrangement pursuant to this Policy.

The minutes of any meeting at which such a decision is taken shall record:

A. 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 board's or committee's decision as to whether a conflict of interest in fact existed.

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 any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **VI: Annual Statements**

Each person who is deemed to have substantial influence over Ward 8 Woods shall sign an Annual Disclosure Statement which affirms that the person has received a copy of this Conflict of Interest Policy, has read and understood the Policy, and has agreed to comply with the Policy, and discloses any direct or indirect affiliations.

All Annual Disclosure Statements shall be submitted to the Secretary of Ward 8 Woods and filed with the minutes of the first meeting of the Board of Directors held each year.

#### **VII: Remedies**

Any director who fails to comply with this Conflict of Interest Policy may, in the discretion of the Board of Directors, be censured or be removed from the Board. If an employee who is deemed to have substantial influence over Ward 8 Woods fails to comply with this Conflict of Interest Policy, he or she may be put on notice or terminated, in the discretion of the Board of Directors. Any other employee who fails to comply with this Conflict of Interest Policy may be put on notice or terminated, in the discretion of the Executive Director.

#### **VIII: Periodic Reviews**

To ensure that Ward 8 Woods operates in a manner consistent with its charitable purposes and its status as an organization exempt from federal income tax, the Board shall authorize and oversee a periodic review of the administration of this Conflict of Interest Policy. The review may be written or oral. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved.

#### **IX: Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VIII, Ward 8 Woods 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.

## **ANNUAL AFFIRMATION AND DISCLOSURE STATEMENT**

### **WARD 8 WOODS**

The Conflict of Interest Policy of Ward 8 Woods requires an annual affirmation that you have received, read, understand, and agree to comply with the Conflict of Interest Policy. In addition, the Policy requires that you annually disclose (1) your affiliations with any organization with which Ward 8 Woods may have a financial relationship, and (2) persons with whom you have a close relationship (such as a family member or close companion) who are affiliated with any organization with which Ward 8 Woods may have a financial relationship.

Please sign this Statement indicating your affirmation as described above. Please disclose, in addition, any applicable affiliations known to you.

Please return this Statement to the Executive Director of Ward 8 Woods by January 31.

Your name:

Signature: \_\_\_\_\_

Business/Organization

Date:

Nature of Relationship:

Reviewed by:

Date:

Dates of Relationship: