

# Wenatchee Pride

## Conflict of Interest Policy

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### Article I - Conflict of Interest

#### *Section 1.1 - Purpose*

- A. The purpose of the conflict-of-interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, or that might otherwise 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 corporations and is not intended as an exclusive statement of responsibilities.

#### *Section 2.2 - Definitions*

- A. Unless otherwise defined, the terms used in this section have the following meanings:
1. "Interested Persons" - Any director, principal officer, or member of a committee with governing Board delegated powers, which has a direct or indirect 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 interest in any entity with which the Corporation has a transaction or arrangement;
    - b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
    - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.
- B. Compensation includes direct and indirect remuneration 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 or committee decides that a conflict of interest exists.

#### *Section 3.1 – Personal Interest*

- A. The Directors of the Corporation owe a duty of loyalty to the Corporation which requires that in serving the Corporation they act, not in their personal interests or in the interest of others, but rather solely in the interest of the Corporation. Directors must have undivided allegiance to the Corporation's mission and may not use their positions as Directors, information they have about the Corporation, or the Corporation's property, physical or intellectual, in a manner that allows them to secure a pecuniary benefit for themselves, their relatives or co-habitants (for the purpose of the policy, relative means spouse/partner, parents, siblings, children, grandchildren, the spouses of children and grandchildren, and any other blood relative, if the latter resides in the same household.)

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Policy may be overseen and administered by the Board (with only independent directors participating) or by a committee of the Board comprised solely of independent directors.

Adopted: June 1, 2021

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### *Section 3.2 – Business Transactions*

- A. Business transactions of the Corporation in which a Director has an interest shall not be prohibited, but they shall be subject to close scrutiny. Such proposed transactions shall be reviewed carefully to determine that they are in the best interests of the Corporation, and they will not lead to conflict of interest. For the purposes of this policy, a Director has an interest in a proposed transaction if they have a substantial financial interest in it or has a substantial financial interest in any organization involved in the proposed transaction, or holds a position as trustee, director, general manager, or principal; officer in any such organization.

### *Section 3.3 - Duty to Disclose*

- A. Prior to the start of any negotiations, or consideration any project by the organization, Directors are expected to make full disclosure to the best of their knowledge of any substantial financial interest in a proposed transaction by submitting a report to the Board Chair or other officer designed by the Board to handle such matters, supplying any reasons why the transaction might not be in the best interest of the Corporation. In matters requiring prior approval of the Board of Directors, the Board Chair or officer shall forward copies of this disclosure report to the Board before its approval.

### *Section 3.4 - Determining Whether a Conflict of Interest Exists*

- A. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the Interested Person shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists by the vote of the Board of Directors.

### *Section 3.5 - Procedure for Addressing the Conflict of Interest*

- A. In the event that the Board determines that a proposed transaction or arrangement presents a conflict of interest, the Board shall take the following actions:
1. The President of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  2. After exercising due diligence, the Board shall determine whether the Corporation 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.
  3. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. It shall make its decision as to whether to enter into the transaction or arrangement in conformity with this determination.

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## *Section 3.6 - Violations of The Conflict of Interest Policy*

- A. If the Board has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- B. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## *Section 3.7 - Records and Procedures*

- A. The minutes of the Board and 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 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 with the proceedings.

## *Section 3.8 – Approval and Responsibility*

- a. This policy shall be reviewed by the Executive Board Members every 12 months to assess the effectiveness of the policy in achieving the purpose set out in Section 1 as well as comply with county, state, and federal laws and regulations, as may be amended from time to time.
- b. Concerns and/or questions about this policy can be directed to the Board of Directors.
- c. The policy shall be amended only by resolution of the Board of Directors through review and recommendation by the Executive Board Members.
- d. Approval Dates
  - i. This policy was approved on: June 1, 2021
  - ii. This version takes effect from: June 2, 2021
  - iii. This policy will be reviewed by: June 1, 2022

## *Section 3.9 – Periodic Statements*

Each director and officer shall periodically sign a statement that affirms such person:

- a. Has received a copy of the conflict-of-interest policy,
- b. Has read and understands the policy,

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- c. Has agreed to comply with the policy, and
- d. Understands that Wenatchee Pride 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.

## WENATCHEE PRIDE

### CONFLICT OF INTEREST POLICY CERTIFICATION

The undersigned hereby acknowledges that the undersigned:

- a. Has received a copy of the conflict-of-interest policy,
- b. Has read and understands the conflict-of-interest policy,
- c. Has agreed to comply with the conflict-of-interest policy, and
- d. Understands that in order for Wenatchee Pride to maintain its federal tax exemption as a charitable organization, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Please check one of the following boxes:

- I have no conflicts or potential conflicts to disclose.
- I have the following conflicts or potential conflicts to disclose (please describe any relevant organizational, professional or business affiliations as well as financial interests).

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

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

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Please explain any conflicts of interest:

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