Article I - Purpose

The purpose of this Conflict of Interest Policy is to protect this tax-exempt organization’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer of Friends of Big Creek (FOBC) 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.

Article II - Definitions

1. Interested Person
Any Board member, or member of a committee with Board delegated powers, who 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 FOBC has a transaction or arrangement,
   b. A compensation arrangement with FOBC or with any entity or individual with which FOBC has a transaction or arrangement, or
   c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which FOBC is negotiating a transaction or arrangement.

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. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Article III - Procedures

1. Duty to Disclose
In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board and members of committees with Board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists
After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the 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
   a. An interested person may make a presentation at the Board or committee meeting, but after
      the presentation, he/she 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 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 Board or committee shall determine whether FOBC 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
      circumstances not producing a conflict of interest, the Board or committee shall determine
      by a majority vote of the disinterested members whether the transaction or arrangement is
      in FOBC’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 or arrangement.

4. Violations of the Conflicts of Interest Policy
   a. If the 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.
   b. If, after hearing the member’s response and after making further investigation as warranted
      by the circumstances, the Board or committee determines the member has failed to disclose
      an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective
      action.

Article IV - Records of Proceedings

The minutes of the Board and all committees with Board delegated powers shall contain:
   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 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.

Article V - Compensation

   a. A voting member of the Board who receives compensation, directly or indirectly, from
      FOBC for services is precluded from voting on matters pertaining to that member’s
      compensation.
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b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FOBC for services is precluded from voting on matters pertaining to that member’s compensation.

c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FOBC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI - Annual Statements

Each Board member and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

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
d. Understands FOBC 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.

Article VII - Periodic Reviews

To ensure FOBC 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 organizations conform to FOBC’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.

Article VIII - Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, FOBC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Adopted June 21, 2012

Mary Ellen Stasek, Chair