
CONFLICTS OF INTEREST

Approval Date: 05/2009

Revision Date(s):

POLICY

The organization will require a disclosure of all conflicts of interest to protect the Rotary Club of Des Moines Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest or director of the organization 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.

Definitions

1. Interested Persons – Any director, principal officer, or member of a committee with Board of Directors 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 the organization has a transaction or arrangement,
 - b. A compensation arrangement with the organization or with any entity or individual with which the organization 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 organization is negotiating a transaction or arrangement.
3. 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 Board of Directors or committee decides that a conflict of interest exists.

Recording of Proceedings

1. The minutes of the Board of Directors and all committees with board delegated powers shall contain:
 - a. The names of the person 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 of Directors' or committee's decision as to whether a conflict of interest in fact existed.
 - b. The names of the persons who were present for the discussions and votes relating to the transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to the member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is

CONFLICTS OF INTEREST

precluded from voting on matters pertaining to that member's compensation.

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

Annual Declaration

1. By July 31st each Board of Directors member and Rotary Club of Des Moines Executive Director shall annually sign an annual declaration 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 the organization 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.
2. Where deemed appropriate by the Rotary Club of Des Moines Executive Director, a conflict of interest annual declaration shall be acknowledged and signed by:
 - a. Staff members
 - b. Consultants

Periodic Reviews

1. To ensure the organization 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 provided to the Rotary Club of Des Moines Executive Director and other key staff members 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 the organization'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.
2. When conducting the periodic review as provided above, the organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

CONFLICTS OF INTEREST**PROCEDURE**

1. Duty to Disclose
 - a. 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 directors and members of committees with Board of Directors delegated powers considering the proposed transaction or arrangement.
 - b. At the time of each meeting of the Board of Directors, members shall state any known conflicts of interest as pertaining to items on the agenda. All such stated conflicts of interest shall be recorded in the minutes.
2. 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, he/she shall leave the Board of Directors 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 of Directors 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 of Directors 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 of Directors or committee shall determine whether the organization can obtain with reasonable efforts a more advantaged 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 of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement 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 as to whether to enter into the transaction or arrangement.
4. Violations of the Conflicts of Interest Policy
 - a. If the Board of Directors 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 of Directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
5. The Executive Director will assure that all appropriate Conflict of Interest Annual Declaration Statements are completed and signed each year. The Executive Director will maintain a file of all Conflict of Interest Annual Declaration Statements.