

## **CONFLICT of INTEREST POLICY**

### **Article I: Purpose**

The purpose of this conflict of interest policy is to protect **TRI-STATE FOOD BANK's** (the "Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer, Director, or Key Employee 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.

### **Article II: Definitions**

1. Interested Person – Any Officer, Director, or Key Employee as defined by the Internal Revenue Service, 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.

### **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 relate all of the material facts.
2. Determination of Conflict – After this disclosure, and after any discussion with the interested person, the interested person shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining directors shall decide if a conflict exists.
3. Procedures for Addressing a Conflict – After the interested person has disclosed any possible conflict and related all material facts:
  - a. The President, if appropriate, shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement;
  - b. After completing this due diligence, the Organization shall determine if it 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; and,

TRI-STATE FOOD BANK, INC.  
BOARD of DIRECTORS POLICY MANUAL – APPENDIX A: CONFLICT of INTEREST  
March 24, 2016

c. If no such arrangement can be identified, the Organization shall determine by 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.

4. Violations – If the Organization has reasonable cause to believe a Director has failed to disclose actual or possible conflicts of interest, it shall inform the Director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose. After hearing the explanation, if the Organization determines the Director has failed to disclose, it shall take appropriate disciplinary and corrective action.

**Article IV: Records**

The minutes of all meetings at which a conflict is discussed shall include the names of all persons who disclosed or were otherwise found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the interest, and any action taken by the Organization. The names of the persons present, the votes relating to the transaction, the content of the discussion, and a record of any votes taken shall also be noted.

**Article V: Compensation**

Directors of the Organization shall not be paid compensation.

**Article VI: Annual Statements**

Each Officer, Director, and Key Employee shall annually sign a statement which affirms that such person has received a copy of this policy, has read and understood such, has agreed to comply with the policy, and understands that 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.

**Article VII: Periodic Reviews**

To ensure that the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews of this policy shall be conducted to ensure that its directions and record keeping requirements are being met.

**Article VII: Outside Experts**

When conducting periodic reviews, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Directors of their responsibility for ensuring periodic reviews are conducted.

ADOPTED MARCH 24, 2016

Joshua Swanson, President  
Timothy Bryan, Treasurer  
Roberta Lenfers, Secretary  
Glenn Roberts, Executive Director

**CONFLICT of INTEREST POLICY ACKNOWLEDGEMENT**

Each Officer, Director, and Key Employee as defined by the Internal Revenue Service, if any, shall sign this acknowledgment statement when joining the Board for the first time and thereafter annually. By doing so, the Officer, Director, or Key Employee affirms that such person has received a copy of this policy, has read and understood such, has agreed to comply with the policy, and understands that 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.

The undersigned, being a member of the Board of Directors of Tri-State Food Bank, Inc., an Indiana not-for-profit corporation, does hereby state that he/she is affiliated with the entity(ies) and in the manner(s) set forth below. In the event that Tri-State Food Bank is involved in any transactions with the entity(ies) set forth below, the undersigned shall refrain from participating in discussion and voting in regard to such transaction so as to preserve the integrity and legality of such transaction.

Entity

Manner of Affiliation

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Dated \_\_\_\_\_

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(Signature)

\_\_\_\_\_  
(Printed name)