



Illinois Prairie Community Foundation Conflict Of Interest and Confidentiality Policy

Purpose

The purposes of the Confidentiality and Conflict of Interest Policy are to protect donor privacy and the Community Foundation's interests and charitable status,

Confidentiality

All directors, officers, volunteers and employees shall agree to maintain strict confidentiality of the board's executive sessions, of donor information and of any other confidential information about the organization, and to hold in confidence any information gleaned and any discussion held during Community Foundation meetings. Only the Executive Director, Board President or their designated spokesperson may make public Community Foundation proceedings or donor information as permitted by the donor.

Conflict of Interest

The Policy protects the Foundation's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, committee member or employee of the Community Foundation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations. A secondary purpose is to protect the Community Foundation's impartiality when considering grant applications. A slightly less stringent set of guidelines and procedures governs members of the Grants Committee(s).

The Community Foundation recognizes that directors, officers, volunteers, employees, agents and their families are involved and play an active and vital role in the community. From time to time, potential conflicts of interest may arise. It is the Community Foundation's policy to deal with each conflict of interest in as open and appropriate a way as possible.

Annually, all volunteers and employees will be requested to complete a Conflict of Interest Disclosure Statement identifying any positions held by self or any immediate family member and affiliations with any organization doing business with the Community Foundation. The statement will include the promise of confidentiality.

Definitions

1. Interested Person

Any director, principal officer, 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. Biased Person

Any director, principal officer, or member of a committee with board delegated powers who has a direct or indirect bias, as defined below, is a biased person.

3. Financial Interest

A person has financial interest if the person has presently or has had in the past three years, directly or indirectly, through business, investment or family

- a. an ownership or investment interest in any entity with which the Community Foundation has a transaction or arrangement, or
- b. a compensation arrangement with the Community Foundation or with any entity or individual with which the Community Foundation has a transaction or arrangement, excluding any reasonable compensation paid to a Director as Director, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Community Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Procedures, 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.

4. Bias

A person has interest or bias if the person has, directly or indirectly, through business, investment or family

- a. participated in an activity or has an interest which may cause bias for or against any decision being considered by the Community Foundation.
- b. held any position presently, or in the past three years invested in any business, or participated in any other avocational activity which may result in a possible biased opinion.

A bias is not necessarily a conflict of interest. Under Procedures, Section 2, a person who has a bias may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Procedures

1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person or a biased person must disclose the existence and nature of his or her financial interest or bias and all material facts to the directors and members of the committees with board delegated powers considering the proposed transaction, arrangement or grant. The interested/biased person may recuse themselves from the discussion or action.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest or bias and all material facts, and after any discussion with the interested person, he or 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. However, the board or committee chairperson may choose not to require the interested person to leave the meeting.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the board or committee meeting, but after such presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the financial 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. The Community Foundation shall not enter into a transaction in which one or more of its directors has a material financial interest unless one of two standards is met:
 - i. approval by a majority of the directors then in office, not including the vote of the interested director, prior to entering into the transaction after full disclosure to the board of all material facts as to the proposed transaction and an investigation by the board as to alternative arrangements for the proposed transaction if any, or
 - ii. interim approval by an authorized committee or person prior to entering into the transaction provided the board, after determining the good faith that the Community Foundation entered into the transaction for its own benefit and that the transaction was fair and reasonable as to the Community Foundation at the time it was entered into, ratifies the transaction by a vote of the majority of the directors then in office, without counting the vote of the interested director.
- d. A biased person may make a presentation at the board or committee meeting, and may remain during discussion to answer pertinent questions, since personal knowledge on the issue may be of assistance to the other members in reaching their decisions. The biased person, however, will abstain from voting on this issue.

4. Violation of the Conflicts of Interest Policy

- a. If the board or committee has reasonable cause to believe that a biased person 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 response of the biased person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall recommend appropriate corrective action to the Board of Directors.

Records of Proceedings

The Minutes of the board and all committees with board-delegated powers shall contain

1. The names of the persons who disclosed or otherwise were found to have a financial interest or bias in connection with an actual or possible conflict of interest, the nature of the financial interest or bias, 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.
2. The names of persons who were present for discussion 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 therewith.

Compensation Committees

1. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Community Foundation for services is precluded from voting on matters pertaining to that member's compensation.
2. Those who receive compensation, directly or indirectly, from the Community Foundation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No person, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that 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,
- d. understands that the Community Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and
- e. agrees not to disclose confidential information about the organization or any donor, to maintain confidentiality of the board's executive sessions, and to hold in confidence oral and written information provided and discussions held during all Community Foundation meetings.

Periodic Reviews

To ensure that the Community Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted by the Governance Committee. The periodic reviews shall, at a minimum include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- b. Whether acquisitions of Community Foundation or provider services result in inurement or impermissible private benefit.
- c. Whether partnership and joint venture arrangements and arrangement with management or investment service organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Community Foundation's charitable purposes and do not result in inurement or impermissible private benefit.
- d. Whether arrangements to provide Community Foundation services or grants, and agreements with employees and other foundations or community organizations, further the Community Foundation's charitable purposes and do not result in inurement or impermissible private benefit.

Use of Outside Experts

In conducting the periodic reviews provided for above, the Community Foundation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Adopted and passed by the Board of Directors 03-20-03. Amended 09-21-04; 01-17-08. Amended 08-15-13.