


## WIREGRASS FOUNDATION

### 100 – Board Policy

**POLICY NAME:** Conflict of Interest Policy

**POLICY NUMBER:** 100.002

**EFFECTIVE DATE:** September 19, 2005/Reviewed October 21, 2013/  
Revised February 22, 2014

**APPROVED BY:**   
Barbara G. Alford, President

#### **Purpose**

The purpose of the *Conflicts of Interest Policy* is to protect the interests of the Wiregrass Foundation (WF; or Foundation) when entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation. This policy is intended to help Foundation directors and officers avoid self-dealing, fulfill fiduciary duties owed to the Foundation, and uphold the public trust. This policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to nonprofit and charitable foundations.

All parts of this policy apply equally to officers and directors engaged in activities of the full Board of Directors and to any committees or subgroups assigned by the Board to make decisions for, or recommendations to, the Board.

Covered persons, defined below, are required to act exclusively in the interest of the WF in matters affecting the Foundation and not use their positions to further their own financial interests or to derive personal advantage. Each Covered Person shall be required to acknowledge, not less than annually, that he or she has read and is in compliance with this policy. He/She also will be required annually to disclose any financial interests or affiliations (including those of "other covered parties" as defined, below) with entities doing business with, funded by, or making application for funding by the Foundation. A Covered Person must be sensitive to any interest he or she may have in a decision to be made by the WF and, as much as possible, recognize and disclose such interest prior to discussion of such matter.

#### **Definitions**

**Covered Person:** Any director, principal officer or member of a committee with Board-delegated powers who has direct or indirect financial interest or an affiliation, as defined in this policy.

Other Covered Parties: Family members including a spouse, parent, sibling, child, stepchild, grandparent, grandchild, great-grandchild, in-law, or domestic partner.

Financial Interest:

- a. An ownership, investment, management, or employment relationship in any entity with which the WF has a transaction or arrangement, or
- b. A compensation arrangement with any such entity, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any such entity.

Affiliation:

Service as a board member, trustee, or advisor of applicant organizations.

**Avoiding Self-Dealing and Ensuring Fiduciary Responsibilities to the Foundation**

The Foundation recognizes that a financial interest is not necessarily a conflict of interest. The Foundation may elect to do business with firms with which board members, officers, and/or their families are associated if the work is *necessary* to the work of the Foundation, is provided at *reasonable* costs, and the board member, officer and/or family members do not own more than a 35% controlling interest (financial or controlling interest) in that firm. Exceptions to the 35% ownership limit may be made for IRS approved personal services—banking, accounting, investing, and legal services—that are necessary to the work of the Foundation and are provided at reasonable costs. The WF will research and maintain documentation that remuneration for these necessary personal services is reasonable and comparable to similar services available from comparable providers within the Wiregrass region.

Any voting member of the Board or officer who receives compensation, directly or indirectly, from Foundation business transactions, or whose family members receive such compensation, is precluded from discussing and voting on matters pertaining to that business dealing, contract, or service during meetings of the full Board any/all meetings of board-assigned committees. All such relationships will be documented, as will recusals from voting.

In addition, the Foundation has determined that:

- Board members may be reimbursed for expenses incurred in performance of service to the WF, in accordance with WF policies and procedures.
- The President may propose, and the Board may authorize, reasonable compensation for service by board members, as board members. Recommendations and authorizations will be documented in official WF Board Meeting minutes.

In addition to due diligence with regard to avoidance of conflicts of interest, the Internal Revenue Service Code also prohibits the Foundation from engaging in acts of self-dealing with "disqualified persons". "Disqualified persons" with respect to the WF include: directors and officers, their family members (ancestors, spouses, children, grandchildren, great-grandchildren and the spouses of children, grandchildren or great grandchildren), and certain government officials. Certain legal entities fit within the definition of disqualified persons. These include a corporation, partnership, or trust/estate in which at least 35% of the voting power, profits interest, or beneficial interests (respectively) are owned by a disqualified person. Most substantial contributors are also disqualified persons, but as the WF does not normally accept donations, these definitions are not detailed in this policy statement. The WF will not engage in any of the following with disqualified persons:

- Buying and selling property to or from a disqualified person, even on terms that are favorable to the WF;
- Renting property to or leasing property from disqualified persons, except on a rent-free basis;
- Lending money to, extending credit to, or borrowing money from a disqualified person, except on an interest-free basis;
- Paying excessive compensation;
- Paying (or reimbursing) unreasonable or unnecessary expenses;
- Allowing disqualified persons to use a foundation's income, assets, or facilities (except for goods and services furnished on the same terms to the general public);
- Satisfying the enforceable pledge of a disqualified person.

### **Procedures**

Foundation directors and officers will be required to complete an annual disclosure questionnaire (attached) listing all businesses and nonprofit organizations in which they and their covered family members are involved as owners, partners, directors, officers, or employees. 35% interest (financial or voting) in any of these organizations will be indicated. Board members and officers also will be advised to disclose any changes that occur during the year. The President will document any follow-up that may be necessary based on the nature of the disclosed relationship. Follow-up documentation will be signed and dated by the President,

Directors and officers will sign and date an annual statement of understanding and agreement regarding the WF *Conflict of Interest Policy*. This statement may be incorporated into the questionnaire or provided as a separate document.

All organizations applying for grants from the WF will be required to list any known financial or voting interests by WF board members, officers, or their families.

Using information provided by self-disclosures and organizational (applicant) disclosures, the President will summarize and report any potential conflicts of interest

regarding business transactions and/or grant award deliberations, and include this information in documents provided to members prior to meetings of the Board or any of its committees. Discussion of potential conflicts will occur at the beginning of any Board or committee meeting to which they apply, with appropriate action taken by the Board or committee. At the discretion of the Chairman, the covered person may be allowed to make a statement at the Board meeting regarding the pending transaction or grant application for which a financial interest or an affiliation has been documented. He/She then will refrain from further participation in discussion on that matter, and will be recused from voting on the transaction or grant award. At the request of any board member or officer, the Covered Person will leave the room during discussion and/or voting. Disclosure and recusal will be recorded in the official minutes. The same procedures are in force for any committee of the Board.

Disclosure of affiliations will be required of any officer or key staff member being considered as a new employee or director of the Foundation. The relationship will be reviewed by the President for any possible violations of this policy and, where necessary, discussed with the full Board prior to completing the association.

#### **Violations of the Conflicts of Interest Policy**

If the Board has reasonable cause to believe that 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.

If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board determines that the member has in fact failed to disclose an actual or possible conflict of interest it shall take appropriate disciplinary and corrective action.

#### **Periodic Reviews**

To ensure that the 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. The periodic review shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable.
2. Whether partnership and joint venture arrangements and arrangements with management service organizations (1) conform to written policies, (ii) are properly recorded, (iii) reflect reasonable payments for goods and services, (iv) further the Foundation's charitable purposes, and (v) do not result in inurement or impermissible private benefit.
3. In conducting the periodic review the Foundation may, but need not, use outside advisors. However, use of outside experts shall not relieve the Board of its responsibility for ensuring compliance with this policy.



**WIREGRASS FOUNDATION**  
**Conflict of Interest Questionnaire**  
**2014**



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

Please list below the name of each business or nonprofit organization of which you, your spouse, or other covered person is a director, officer, employee, or partner/owner.

Name of Business or Nonprofit Organization	Person with Relationship (check all that apply)			Nature of Relationship (check all that apply)				35% or more **
	You	Spouse	Other*	Director	Officer	Employee	Owner/ Partner	

\*Parent, sibling, child, stepchild, grandparent, grandchild, great-grandchild, in-law, or domestic partner.

\*\*Check this box if you, your spouse, or your dependent children owns 35% or more of the business (combined voting power or profits interest) listed in this row.

*I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have received, and agree to abide by, the Conflict of Interest Policy of the Wiregrass Foundation that is currently in effect.*

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