

## **Friends of Deckers Creek Conflict of Interest Policy**

A key principle of tax-exempt status is a ban on private inurement of organizational benefits to any individual person. Private inurement can occur when a non-profit conducts business on a less than arms' length basis with a business or person related to an officer, board member or employee. Such activities may result in negative publicity for the non-profit, compromise its reputation in the community, and result in ramifications for those subject to specific legal consequences.

In consideration of these facts, FODC adopts the following policy:

Board members, officers, and management staff shall disclose any direct or indirect interest in any vendor or business providing any materials or consultations to the organization, including but not limited to:

1. An ownership interest in a vendor from whom the nonprofit buys goods or services.
2. An interest in property the nonprofit is buying or leasing-or thinking of buying or leasing.
3. The possibility that an insider could personally gain at the nonprofits expense
4. Doing business with an insider's family member or business partner.

This will be disclosed through the attached form to be filed with Friends of Deckers Creek at the start of each new board member's term and updated annually at the first board business meeting of the year.

A possible conflict does not preclude doing business with a related party. But at a minimum, the affected officer, director or management staff shall not participate in any decision made about transactions involving their personal interests In addition, relationships with related parties will be considered only under the same terms and selection process as with any other vendor or entity and will require a written competitive bidding process regardless of the expenditure under consideration.

Approved: 10/19/06

**Friends of Deckers Creek  
Conflict of Interest Disclosure Form**

1. Specific purposes of statement and disclosure form. The specific purposes of my reviewing and signing this statement and disclosure are to protect the integrity of FODC's decision-making process, to enable our constituencies to have confidence in FODC's integrity, and to protect the integrity and reputation of FODC's employees, volunteers, and Trustees.
2. Written disclosure. I have disclosed below any interests, affiliations, relationships, and holdings that could potentially result in a conflict of interest or a perception of a conflict of interest. I understand that this written disclosure will be kept on file by FODC. I will update the disclosure in accordance with the conflict of interest policy.
3. Disclosure of potential benefits. In addition, in the course of meetings and activities involving FODC, I will disclose any interests in a transaction or decision in which I, my business, other nonprofits with which I am affiliated, my family, my significant others, my employers, or my close associates might receive a benefit or gain. I understand that a paid consulting relationship between me and FODC is permissible in accordance with the FODC bylaws.
4. Self-excusal from decisions. After disclosure of a conflict of interest, a potential conflict, or situations that could be perceived as a conflict, I will excuse myself from discussion and abstain from voting or participating in any related discussion by the Board.
5. Good judgment. I understand that this policy is meant to be a supplement to good judgment, and I will respect its spirit as well as its wording.

**List interests, affiliations, relationships and holdings that could potentially result in a conflict of interest or a perception of a conflict of interest. Attach additional pages if necessary.**

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

## **DRAFT - Concern Regarding Conflict of Interest Policy**

### MEMORANDUM

To: Evan Hansen, President, Friends of Deckers Creek

From: Martin Christ, Water Remediation Director Dale: December 19, 2007

REGARDING: FODC Procurement Policy, especially conflict of interest policies.

As instructed by the Board of Directors, I consulted with Lafayette Vance concerning the conflict of interest statements in our Procurement Policy. Our policy states:

FODC and its agents shall not be involved in selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such conflicts would arise if a direct member of family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein has a financial interest or other interest in the business selected for a contract. Nor will FODC staff, board members, or agents accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements.

FODC's Board of Directors expressed concern about two issues. First, we were concerned that even if "FODC staff, board members, or agents" are forbidden from accepting contributions that might appear to influence contract decisions, it is not clear that the organization as a whole cannot accept the organization. According to Mr. Vance, FODC is one and the same as its staff, board members and agents. Therefore, we need not change our policy.

In our November board meeting, we were also concerned that the policy would identify certain donations to our cause as cases of conflict, even though common sense makes it clear that they are not. To clarify interpretation of the procurement policy, I described two instances to Mr. Vance to determine whether they could be misinterpreted as cases where contributions affected contract decisions. Both issues concern a contractor whom we hired for a construction job at Slabcamp Run. The Pre-bid date for this job was August 22, 2007, and the project was completed in October, 2007.

First, at our Holiday Social in December, the spouse of that contractor participated in a silent auction for a gingerbread house. She won that auction, and gave FODC a check for \$50. Lafayette did not see this as a conflict, because 1) the bidder clearly obtained something for the money, and 2) at the time, there are no construction jobs for which the family company might bid.

Second, in 2004, the wife of the contractor was working for a local business—a small grocery store—that contributed \$40 for a business membership. Lafayette agreed that that this contribution could also not be perceived as an attempt to influence a contract decision, since there was no project going forward at the time.

Lafayette encouraged me to put our conversation in our records concerning our procurement policy, and to contact him again should we have questions about appearances of conflict of interest.