

## **DFW-CHW Association**

### **CONFLICT OF INTEREST POLICY AND AGREEMENT**

#### **ARTICLE 1**

##### **PURPOSES**

It is important for DFW-CHW Association directors, officers, staff, and employees to be aware that both real and apparent conflicts of interest sometimes occur in the course of conducting the affairs of the corporation and the appearance of a conflict can be troublesome even if there is no conflict whatsoever. Conflicts occur because the many persons associated with the corporation should be expected to have, and generally do have, multiple interests and affiliations and various positions of responsibility within the community. A person will sometimes owe identical duties of loyalty to two or more corporations. The purpose of the conflict of interest policy is to protect the corporation's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

Conflicts are undesirable because they potentially or eventually place the interest of others ahead of the corporation's obligations to its charitable purposes and to the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, the long-range best interests of the corporation do not require the termination of all associated persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

Each member of the board of directors and the staff of the corporation has a duty of loyalty to the corporation. The duty of loyalty generally requires a director or staff member to prefer the interests of the corporation over the individual's interests. In addition, directors and staff of the corporation shall avoid acts of self-dealing which may adversely affect the tax-exempt status of the corporation or cause there to arise any sanction or penalty by the governmental authority.

In connection with any actual or possible conflict of interest, an interested person must disclose existence of the financial interest and be given the opportunity to disclose all material facts to the directors and any other with governing board delegated powers considering proposed transactions or arrangements.

#### **ARTICLE II**

##### **DEFINITIONS**

###### **2.1 Interested Person**

Any director, officer, or committee member with governing board delegated powers, who has direct or indirect financial interest, as defined below, is an interested person.

###### **2.2 Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through businesses, investment, or family:

- (a) An ownership or investment interest in any entity with which the corporation has a transaction or arrangement,

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **ARTICLE IV** **RECORDS OF PROCEEDINGS**

##### **4.1 Minutes**

The minutes of the board shall contain:

- (a) the names of the persons 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's decision as to whether a conflict of interest in fact existed.
- (b) The names of the person who were present for discussions 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 with the proceedings.

#### **ARTICLE V** **COMPENSATION**

**5.1** A voting member of the board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

#### **ARTICLE VI** **ANNUAL STATEMENTS**

Each director and officer with board delegated powers shall annually sign a statement 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 that the corporation 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.

#### **CERTIFICATE OF ADOPTION OF CONFLICT OF INTEREST POLICY AND AGREEMENT**

I do hereby certify that the above stated Conflict of Interest policy and Agreement for DFW-CHW Association were approved and adopted by the board of directors on July 2, 2015 and constitute a complete copy of the Conflict of Interest Policy of the corporation.

Secretary Lori Millner

Date July 2, 2015