



CONFLICT OF INTEREST POLICY

I. PURPOSE OF THE CONFLICT OF INTEREST POLICY

The purpose of this conflict of interest policy of Girls Inc. of Carpinteria, (hereinafter referred to as "Girls Inc.") is to protect the organization when it is contemplating entering into a contract, transaction or arrangement that might benefit the private interest of a "Significant Person" as defined below or might result in a possible excess benefit transaction. It is not uncommon to have these interests, but, it is very important to make them known to the Board. This will ensure that Girls Inc. operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status. 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.

II. STATEMENT OF POLICY

Girls Inc. will not engage in any contract, transaction or arrangement involving a Conflict of Interest without establishing appropriate safeguards to protect the interests of the organization. To that end:

- a. Each Significant Person must promptly, fully and timely comply with the disclosure requirements set forth in this policy, or as otherwise adopted by the Board in accordance with this policy.
- b. All transactions, contracts or arrangements involving a conflict of interest must be reviewed by the Board of Trustees.

This Policy applies to (a) Significant Persons, and (b) any contract, transaction or arrangement involving Girls Inc.

III. DEFINITIONS APPLICABLE TO THE POLICY

Significant Person - Any trustee, officer, key employee (staff person with purchasing authority), or committee member with board-delegated powers is a Significant Person.

Conflict of Interest - A “Conflict of Interest” exists whenever a Significant Person has a significant personal interest in a proposed contract, transaction or arrangement to which Girls Inc. may be a party.

Note: Attention should also be placed on the organizational costs associated with the “appearance” of impropriety created by a personal interest even if it does not constitute an actual conflict of interest.

Significant Personal Interest - A Significant Personal Interest exists if the Significant Person, directly or indirectly, through business, investment, or family member, has a(n):

- a. ownership or investment interest in any entity with which Girls Inc. has a contract, transaction or arrangement;
- b. compensation arrangement with Girls Inc.;
- c. compensation arrangement with any entity or individual with which Girls Inc. has a contract, a transaction or arrangement;
- d. potential ownership, investment interest in, or compensation arrangement with, any entity or individual with which Girls Inc. is negotiating (or is proposing to negotiate) a contract, a transaction or arrangement; or
- e. fiduciary position (*e.g.*, member, officer, trustee, committee member), with another, unaffiliated organization (i) which directly competes with Girls Inc. in terms of services or for charitable contributions; or (ii) with which Girls Inc. has (or is proposing to enter into) a contract, transaction or arrangement.

Compensation includes direct and indirect remuneration, consulting fees, board or advisory committee fees, honoraria, as well as gifts or favors that are not insubstantial.

Note: A Significant Personal Interest is not necessarily a conflict of interest.

Family Member - With respect to a Significant Person, a “Family Member” means:

- a. the Person’s spouse or cohabitant;
- b. a brother, sister, parent, grandparent, child, grandchild, great grandchild (by whole or half-blood) of the Person or the Person’s spouse; or
- c. the spouse of an individual listed in (b).

Annual Questionnaire - Each Significant Person shall completely, accurately and timely submit the annual *Conflict of Interest Questionnaire* (the “Annual Questionnaire”) as prepared and distributed by staff. The Executive Director will review all questionnaires and bring any Significant Personal Interest issues to the Board for further review and discussion.

Duty to Disclose - A Significant Person must disclose the existence of any Interest and be given the opportunity to disclose all material facts to the persons the board has designated to consider the proposed contract, transaction or arrangement. Such information must be provided so that decisions are made with full knowledge and understanding of the Significant Person’s interest.

Continuing Disclosures - If, after completion of the Annual Questionnaire, any Significant Person becomes aware of anything that could give rise to a potential Conflict of Interest with respect to a proposed contract, transaction or arrangement involving Girls Inc., the Significant Person shall promptly disclose that Interest to the Executive Director.

IV. PROCEDURE WHEN A CONFLICT OF INTEREST EXISTS

Where a conflict of interest is determined to exist, Girls Inc. shall not enter into the proposed contract, transaction or arrangement unless the Board of Trustees has complied with the following procedures:

- a. If appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed contract, transaction or arrangement.
- b. After exercising due diligence, determine whether Girls Inc. can, with reasonable efforts, get a more advantageous contract, transaction or arrangement from a person or entity without a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably possible, the Board shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in Girls Inc.'s "best interest", for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to enter into the contract, transaction or arrangement.

V. PROCEDURE FOR VIOLATIONS OF THE POLICY

- a. If the Board has reasonable cause to believe a Significant Person has failed to comply with the disclosure requirements in this Policy, it shall inform the Person of the basis for such belief and afford the Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Significant Person's response and after making further investigation as warranted by the circumstances, the Board determines the Significant Person has intentionally failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action up to and including removal from the Board of Trustees or employment with Girls Inc.

VI. DOCUMENTATION OF PROCESS

The minutes of the Board (and all committees with board delegated powers) shall contain:

- a. The names of the Significant Persons, the nature of the Interest, any action taken to determine whether a Conflict of Interest was present, and the Board's decision.
- b. The names of the persons who were present for discussions relating to the contract, transaction or arrangement, the content of the discussion, including any alternatives to the

proposed transaction or arrangement, and a record of any votes (names not included) taken in connection with the proceedings.

VII. AFFIRMATION STATEMENT

Each Significant Person shall affirm:

The person has received a copy of this Conflict of Interest Policy,
The person has read and understands the Policy,
The person agrees to comply with the Policy, and
The person understands Girls Inc. is a charitable organization and, in order to maintain its federal tax exemption, it must continuously engage primarily in activities that accomplish one or more of its tax-exempt purposes.

CONFLICT OF INTEREST POLICY AFFIRMATION

I hereby state that:

- (i) I have received a copy of the Girls Inc. Conflict of Interest Policy,
- (ii) I have read and understand the Policy,
- (iii) I agree to comply with the Policy,
- (iv) I understand that Girls Inc. is a charitable organization and that, to maintain its federal tax-exempt status, it must engage primarily in activities that accomplish one or more of their tax-exempt purposes,
- (v) I agree to report to the Executive Director (1) any change in the responses to each of the questions that may result from changes in circumstances or (2) any further financial interest, situation, activity, interest or conduct that may develop before completion of my next annual Questionnaire.

Signed: _____

Print Name: _____

Date: _____