

## **Grand Prairie Friends Policy on Conflict of Interest, Board Compensation & Insider Transactions**

The effectiveness of Grand Prairie Friends (GPF) depends upon maintaining the highest level of credibility, confidence, and trust with the communities it serves and all parties with whom it works. All persons associated with GPF are reminded that the decisions and activities of the board of directors, whether or not addressed in this policy, are governed by an overriding requirement of honesty, good faith, and fiduciary responsibility to the organization.

GPF will seek to avoid or disclose and properly manage any conflict of interest that may arise in its operations or transactions, following its corporate bylaws, applicable federal and state law, and the policies and procedures below. Each board member, committee member and contracted employee will be provided a copy of this policy at the time they join the organization. These persons will annually complete a disclosure form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a conflict of interest. Such relationships, positions or circumstances might include service as a director of or consultant to another nonprofit organization, or ownership of a business that might provide goods or services to GPF. Any such information regarding the business interests of a board member, committee member, or contracted employee shall be treated as confidential and shall generally be made available only to the President and any committee appointed to address conflicts of interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated to all board members, committee members, and contracted employees.

### **I. Conflicts of Interest**

#### **Conflict of Interest**

A conflict of interest may arise when GPF “insiders,” including board and biological advisors, employees, substantial contributors and independent contractors, are in a position to benefit financially (or create a benefit to a family member, business or other organization with which they are associated) from decisions made by the organization. An insider may, by virtue of their position or access to information not available to outside parties, exert influence on decisions that affect their own financial interests. For example, conflicts of interest may arise when an insider is party to a land or financial transaction with GPF; or owns property encumbered by a conservation easement held by GPF; or serves on the board or staff of a foundation or corporation that provides substantial funding to GPF.

A conflict of interest may also exist in situations in which there is an appearance that a person is utilizing, for his or her own benefit, inside information that is proprietary GPF; is acting in his or her own interests rather than the best interests of GPF; or is receiving favorable treatment because of his or her affiliation with the organization.

The Internal Revenue Code defines persons as having a conflict of interest if they, at any time during a five-year period leading up to a transaction, were in a position to exercise influence over the affairs of the organization. Our non-profit tax exemption requires that the organization be “operated exclusively for charitable purposes,” and that “No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to its members, trustees, officers, or other private persons....”

### **General Guidelines**

All persons shall avoid conflict of interest involving their duties to GPF and any other interest or organization to which they have a duty, or any other activity in which they are financially or otherwise interested.

It is expected that persons subject to this policy will conduct themselves honestly and fairly in dealing between themselves and GPF. Such persons shall not use their position or knowledge gained during their association with GPF for their private benefit nor to obtain an unfair advantage over any aspect of their dealings with GPF.

### **Obligations of Insiders**

Each board member, employee or advisor or other insider covered by this policy is obliged:

1. To disclose to the board, or committee of the board on which he or she serves, the existence of any actual, potential, or perceived conflict of interest as soon as it becomes apparent.
2. To abstain from discussing with board members or committee members any issue, matter, or transaction in which he or she has an actual, potential, or perceived conflict of interest unless specifically asked by the board or a committee to give information on the issue, matter, or transaction.
3. To absent himself or herself from board and committee discussions on any issue, matter or transaction involving a conflict of interest, unless requested by the board or committee to give information on the issue, matter, or transaction.
4. To abstain from voting on any such issue, matter, or transaction.
5. When requested by the board, to resign from the board of directors, biological advisor position, or committee until such time as the matter giving rise to the conflict of interest has been resolved. When, in the opinion of the board president, the matter has been sufficiently resolved, the director may be invited to rejoin the board, biological advisors, or committee.

### **Obligations of the Board of Directors**

When a transaction, contract, or project of GPF involves an actual, potential, or perceived conflict of interest with an insider:

1. The board may approve such transaction, contract, or project only if it specifically finds that:

- a) The transaction, contract, or project is fair and benefits GPF and its mission; and,
  - b) The transaction, contract, or project is approved with the board's full knowledge of its financial or other benefit to the insider who has the conflict of interest; and,
  - c) When the insider is a director, he or she did not participate in the vote approving the transaction, contract, or project and was, in fact, absent both during the discussion of the transaction, contract, or project and when the board voted on it; and
  - d) A more advantageous arrangement could not have been obtained with reasonable effort under the circumstances.
2. When warranted by the nature and magnitude of the conflict of interest, the board of trustees shall request that a conflicted member of the board, biological advisor, or committee resign.

## **II. Board Compensation**

### **General Guidelines**

Members of the Grand Prairie Friends board of directors serve as volunteers and are not compensated for their service. They may be reimbursed upon written request for their out-of-pocket expenses made in furthering the purposes of the organization, such as travel and lodging, conference registration fees, and purchase of items used for fundraising or other purposes consistent with GPF's mission.

### **Contractual Arrangements**

To avoid the potential for or appearance of private inurement or self-dealing, if a member of the board of directors is to be compensated for his or her service, then the full board of directors shall act, in the absence of the member to be compensated, to approve the business arrangement only if the following findings are made and documented in the board minutes:

1. The board finds that an arrangement more advantageous to GPF cannot be obtained with reasonable effort under the circumstances. This may be done by seeking multiple bids or quotes for the same work from qualified individuals or companies providing similar service; or by thoroughly investigating the hourly or daily rates for similar service available in the local market.
2. The board approves a written contract outlining the term, compensation and required deliverables.
3. The board has discussed and approved of the contracting arrangement, and is confident with the president's willingness and ability to exercise independent judgment and ensure timely and quality service, as he or she would with any outside contractor, without regard for the person's status as a member of the board.
4. Engaging a member of the board in a professional capacity will not create a perception in the community that will be detrimental GPF.

### **III. Transactions with Insiders**

#### **General Guidelines**

GPF may decide to engage in land, easement or other financial transactions with insiders, defined as board members, biological advisors, substantial contributors and independent contractors, or with a family member, business or other organization with which they are associated. Examples of such transactions include purchasing or accepting donation of land or a conservation easement on an insider's property; and the resale of real property or another marketable asset such as a vehicle or work of art to an insider.

In any such case, GPF shall follow its conflict of interest policy; document that the proposed project or transaction is consistent with its mission; follow its standard project approval and transaction procedures; and ensure that no impermissible private benefit or private inurement occurs.

#### **Procedure and Approval**

The board of trustees must be fully informed of the nature and terms of proposed transactions with an insider before any binding commitment is made by GPF, and the transaction may occur only if the following findings are made and documented in the board minutes:

1. The nature of the transaction is consistent with the mission and adopted policies of GPF and supports the organization's objectives.
2. If the transaction involves the purchase, donation or sale of land or a conservation easement, the public conservation benefit of the transaction is clear and significant, and the project has been evaluated by the Land Acquisition Committee using the adopted project selection criteria.
3. GPF is paying no more than fair market value if acquiring land or a conservation easement, or is receiving at least fair market value when selling land or another marketable asset to an insider. For all land transactions, and for the sale of any marketable asset valued at \$5,000 or more, an independent appraisal by a qualified appraiser has been prepared and reviewed by the Finance Committee and GPF's legal counsel.
4. For the sale of any real property, or any marketable asset with an estimated value of \$5,000 or more, GPF has marketed the property or asset widely to prospective buyers and finds that the insider's offer is the most advantageous to the organization.
5. For the purchase or donation of a conservation easement, the terms of the easement are substantially similar to other easements GPF holds on similar land, and there is no significant deviation from GPF's standard easement provisions related to monitoring, enforcement or other treatment of the landowner or recourse available to GPF.
6. The payment of project expenses, which typically are shared by GPF and the landowner, including an adequate Stewardship Fund contribution, are being handled in a manner similar to other comparable GPF transactions.

**Basic Conflict of Interest Disclosure Form**

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

Position (Employee/board member/Committee): \_\_\_\_\_

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest between the Grand Prairie Friends, or circumstances that you believe could contribute to a conflict of interest between Grand Prairie Friends and your personal interests, financial or otherwise:

\_\_\_\_\_ I have no conflict of interest to report

\_\_\_\_\_ I have the following conflict of interest to report (please specify other nonprofit and for-profit boards you sit on, any for-profit businesses for which you are an officer or director, or a majority stakeholder, and the name of your employer and any businesses you own):

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Policy of Conflict of Interest for Grand Prairie Friends.

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

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