

POLICY 200**CONFLICTS OF INTEREST**

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Revision Date(s):

POLICY

The organization shall require a disclosure of all conflicts of interest to protect the National Rural Economic Developers Association's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director of the organization or might result in a possible excess benefit transaction. 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.

Definitions

1. Interested Persons – Any director, staff, or member of a committee with Board of Directors delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial Interest – A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the organization has a transaction or arrangement,
 - b. A compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization is negotiating a transaction or arrangement.
3. Compensation – includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate Board of Directors or committee decides that a conflict of interest exists.

Recording of Proceedings

1. The minutes of the Board of Directors and all committees with board delegated powers shall contain:
 - a. The names of the person 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 of Directors' or committee's decision as to whether a conflict of interest in fact existed.
 - b. The names of the persons who were present for the discussions and votes relating to the transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to the member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Declaration

1. Within the first month of the fiscal year, each Board of Directors member and the Association Management Ltd. (AML) Account Executive, President, and Chief Financial Officer shall annually sign an annual declaration 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 the organization 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.
2. Where deemed appropriate by the AML Account Executive, a conflict of interest annual declaration shall be acknowledged and signed by:
 - a. Staff members (if any) and AML employees;
 - b. Consultants.
3. Copies of the annual conflict of interest declaration and compensation conflict of interest declarations are found on the final pages of this policy.

Periodic Reviews

1. To ensure the organization does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
 - a. Whether compensation arrangements and benefits provided to key staff members (if any) are reasonable, based on competent survey information and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
2. When conducting the periodic review as provided above, the organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

PROCEDURE

1. Duty to Disclose
 - a. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board of Directors delegated powers considering the proposed transaction or arrangement.
 - b. At the time of each meeting of the Board of Directors, members shall state any known conflicts of interest as pertaining to items on the agenda. All such stated conflicts of interest shall be recorded in the minutes.
2. Determining whether a Conflict of Interest exists
 - a. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. Procedures for addressing the Conflict of Interest
 - a. An interested person may make a presentation at the Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The Board President or Committee Chair shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board of Directors or committee shall determine whether the organization can obtain with reasonable efforts a more advantaged transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
4. Violations of the Conflicts of Interest Policy
 - a. If the Board of Directors or committee has reasonable cause to believe 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.
 - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
5. The AML Account Executive shall assure that all appropriate Conflict of Interest Annual Declaration Statements are completed and signed each year. The AML Account Executive shall maintain a file of all Conflict of Interest Annual Declaration Statements.

**NATIONAL RURAL ECONOMIC DEVELOPERS ASSOCIATION (NREDA)
CONFLICT OF INTEREST STATEMENT ANNUAL DECLARATION**
For Governing Body Members, Officers, Committee Members, Staff, and Consultants

A conflict of interest arises when a person in a position of authority over an organization, such as an officer, director, or manager, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest does not include questions involving a person’s competing or respective duties to the organization and to another organization, such as serving on the boards of both organizations, that do not involve a material financial interest of, or benefit to, such person.

No member of NREDA or any of its committees shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with NREDA. Each individual shall disclose to NREDA any personal interest that he or she may have in any matter pending before the board and shall refrain from participation in any decision on such matter.

Any member of The NREDA Governing Body or any of its committees or staff who is an officer, Governing Body member, committee member, or staff member of any affiliated organization shall: identify his or her affiliation with such agency or agencies; he or she shall not participate in the decisions affecting that agency; and the decision must be made and/or ratified by the full board.

Any member of NREDA Governing Body, any committee, and any staff member shall refrain from obtaining any list of NREDA members or donors for personal or private solicitation purposes at any time during the term of their affiliation.

- 1. I do not have a business relationship or family relationship with another board member or key employee of NREDA. Any business or family relationship that is an exception to this statement is fully described below including the percentage of business ownership.

- 2. At this time, I am not a participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party doing business with NREDA that has resulted or could result in personal benefit to me. Any activity or transaction that is an exception to this statement is fully described below including the interest, whether direct or indirect, that I have (or have had during the past year) in the persons or organization transacting business with NREDA

- 3. At this time, I am not a recipient, directly or indirectly, of any salary payments, loans or gifts of any kind or any free services or discounts or other fees from or on behalf of any person or organization engaged in any transaction with NREDA Any activity or transaction that is an exception to this statement is fully described below including the interest, whether direct or indirect, that I have (or have had during the past year) in the persons or organizations transacting business with NREDA.

By signing below, each person is affirming they have received a copy of the Conflicts of Interest Policy, has read and understands the policy, and agrees to comply with the stated policy. Furthermore, the individual is affirming they understand NREDA is a nonprofit organization 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.

Signature: _____ Date: _____

Printed Name: _____