



## **CONFLICT OF INTEREST POLICY**

### **Article I Purpose**

The purpose of the conflict of interest policy is to protect Futurescapes' [Organization] interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or 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.

### **Article II Definitions**

#### **1. Interested Person**

Any director, principal officer, or member of a committee with governing board 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.

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. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## **Article III Procedures**

### **1. Duty to Disclose**

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 governing board delegated powers considering the proposed transaction or arrangement.

### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board 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 governing board 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 chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous 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 governing board 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 governing board 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 governing board or committee 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**

The minutes of the governing board and all committees with board delegated powers 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons 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**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. 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.
- c. No voting member of the governing board 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.

## **Article VI Annual Statements**

Each director, principal officer and member of a committee with governing 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 the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**Article VII**  
**Periodic Reviews**

To ensure the Organization operates in a manner consistent with charitable purposes and 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 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.

**Article VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## **Conflict-of-Interest Disclosure Statement For Directors**

This Director Disclosure Statement is designed to help Directors meet their continuing responsibility to disclose potential conflicts of interest.

Part A of this Director Disclosure Statement provides instructions that should be retained by each Director and used as necessary during the coming fiscal year to report potential conflicts of interest as they may arise. In Part B, you are requested to list all organizations in which you are involved that do business with Futurescapes. Part C is a year-end report in which you are requested to describe any business transactions of Futurescapes during the past year in which you have had an interest. Parts B and C of this form should be filled in, signed at the bottom, and returned to the Chairman or Vice Chairman of Futurescapes.

### **Part A. Instructions for Disclosure of Potential Conflicts of Interest**

If you have reason to believe that you may have an interest in a proposed business transaction of Futurescapes, you are requested to prepare a brief letter to the Chairman or Vice Chairman of Futurescapes describing the proposed transaction, your interest in it, and your views, if any, as to why the transaction is, or is not, in the best interests of Futurescapes. This information should be provided to the Chairman or Vice Chairman prior to the opening of any negotiations or discussions concerning the transaction.

A Director is considered to have an “interest” in a business transaction if he or she: (1) has a substantial financial interest in it; or (2) has a substantial financial interest in any organization involved in the proposed transaction; or (3) holds a position as trustee, director, general manager, or principal officer in any such organization; or (4) has a significant friend or relative who may gain financially from the proposed transaction.

A proposed transaction in which a Director has an interest will be reviewed carefully to ensure that it is in the best interests of Futurescapes. The Chairman or Vice Chairman may recommend measures to ensure that the transaction will not present a conflict of interest or the appearance of a conflict of interest.

If there is any question in your mind, whether your interest in a transaction warrants disclosure, you should disclose the interest. If you have any questions about the application of the Board’s policy on transactions between Futurescapes and directors, please contact Futurescapes’ Chairman or Vice Chairman.

**Part B. Organizations Doing Business with Futurescapes in Which You, or a Significant Friend or Relative, Have an Interest**

In the space below, please list all organizations: (1) in which you have a substantial financial interest, or (2) in which you hold a position as trustee, director, general manager, or principal officer, or (3) have a significant friend or relative who may gain financially from the proposed transaction if those organizations engage in business transactions with Futurescapes (including contracts, grants, loans, or other transactions), or if you anticipate that they will do business with Futurescapes in the coming fiscal year. Enter "N/A" if you have no organizations to report.

Name of Organization	Nature of Your Interest in the Organization
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(Attach additional sheets if necessary)

I certify that the above information is correct to the best of my knowledge.

Name of Director: \_\_\_\_\_

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

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

**Part C. Transactions During the Fiscal Year Ending June 30, 2012**

In the space below, please provide a description of any and all business transactions of Futurescapes during the past fiscal year (1) in which you have had a substantial financial interest, or (2) that involve an organization in which you have a substantial financial interest, or (3) that involve an organization in which you hold a position as trustee, director, general manager, or principal officer, or (4) have a significant friend or relative who may gain financially from the proposed transaction. Include a brief description of each transaction, and a description of your interest in the transaction. Enter "N/A" if you have no transactions to report.

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(Attach additional sheets if necessary.)

I certify that the above information is correct to the best of my knowledge.

Name of Director: \_\_\_\_\_

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

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