

# CONFLICT OF INTEREST POLICY

## SCOPE

### **Purpose**

The purpose of the conflict of interest policy is to help directors, officers, committee members, and employees of Habitat for Humanity of Missoula (HFHM) identify situations that present potential conflicts of interest and to provide HFHM with a procedure that, if observed, will allow a transaction to be treated as valid and binding even though a director, officer, committee member, or employee has or may have a conflict of interest with respect to the transaction. This policy is intended to supplement but not replace any state and federal laws governing conflict of interest issues arising within nonprofit and charitable organizations.

## DEFINITIONS

### **Interested Person**

Any officer, director, committee member, or employee, who has a direct or indirect financial interest, as defined below, is an interested person.

### **Financial Interest**

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

- An ownership or investment interest in any entity with which HFHM has a transaction or arrangement,
- A compensation arrangement with HFHM or with any entity or individual with which HFHM has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which HFHM is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial.

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 board or appropriate committee determines that a conflict of interest exists.

## PROCEDURES

### **Duty to Disclose**

A person with an actual or possible conflict of interest must disclose the financial interest involved and be given the opportunity to disclose all material facts to the directors and/or members of committees with the board-delegated power to consider the proposed transaction or arrangement.

### **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 board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall determine if a conflict of interest exists.

### **Procedures for Addressing the Conflict of Interest**

- An interested person may make a presentation at the 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.
- The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, the board or committee shall determine whether HFHM can, with reasonable effort, obtain a more advantageous transaction or arrangement that would not give rise to a conflict of interest.
- If it is not reasonably possible to obtain a transaction or arrangement that avoids a conflict of interest, the board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the best interest of HFHM, and whether it is fair and reasonable. In conformity with the above determination, the board or committee shall make its decision as to whether to enter into the transaction or arrangement.

### **Violations of the Conflicts of Interest Policy**

- If the board or committee has reason to believe a person has failed to disclose an actual or possible conflict of interest, it shall inform the person of the basis for such conclusion and afford the person an opportunity to explain the alleged failure to disclose.
- If, after hearing the person's response and after making further investigation as warranted by the circumstances, the board or committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **RECORDS OF PROCEEDINGS**

The minutes of the board and all committees with board-delegated powers shall contain:

- The names of 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 existed, and the board or committee decision regarding the existence of a conflict of interest.
- 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.

### **ANNUAL STATEMENTS**

Each director, officer, committee member, and employee of Habitat shall annually sign a statement that affirms such person:

- Has received a copy of the conflict of interest policy,
- Has read and understands the policy,
- Has agreed to comply with the policy, and
- Understands that HFHM is a charitable organization and in order to maintain its federal tax exemption and public trust, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

