

COALITION FOR SONORAN DESERT PROTECTION

CONFLICT OF INTEREST POLICY

Article I - Purpose

The purpose of the conflict of interest policy is to protect the Coalition for Sonoran Desert Protection's (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 Coalition for Sonoran Desert Protection (CSDP) 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.

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 CSDP Board of Directors, or committee with CSDP Board of Directors delegated powers, 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 Board

of Directors and members of committees with CSDP Board of Directors 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, they shall leave the CSDP 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 CSDP Board of Directors or committee meeting, but after the presentation, they 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 CSDP Board of Directors or committee with CSDP Board of Directors delegated powers shall, if appropriate, appoint a disinterested person or new committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the CSDP Board of Directors or committee with CSDP Board of Directors delegated powers 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 CSDP Board of Directors or committee with CSDP Board of Directors delegated powers 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 CSDP Board of Directors or committee with CSDP Board of Directors delegated powers 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 CSDP Board of Directors or committee with CSDP Board of Directors delegated powers 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 CSDP Board of Directors and all committees with CSDP Board of Directors delegated powers shall contain:

- a) The names of the persons who disclosed or otherwise were found to have a financial interest regarding 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 CSDP 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 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

The following policies shall be in effect regarding compensation:

- a) A voting member of the CSDP Board of Directors 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 CSDP 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.

Article VI - Annual Statements

Each director, principal officer and member of a committee with CSDP Board of Directors delegated powers shall annually sign a statement that affirms such person:

- a) Has received a copy of the Conflict 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.
- e) Has listed all relationships with CSDP vendors, service recipients, funders, employees, and contractors.

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.

Article IX – Mutual Directors

No contract or transaction between the Organization and any other non-profit corporation, of which one or more of the Directors of this Organization is also a Director, is void or voidable because such Director(s) are present at a meeting of the Board which authorizes, approves, or ratifies a contract or transaction if the following circumstances are true: 1) the material facts as to the transaction and the Director’s other Directorship are fully disclosed or known to the Board and, 2) the Board authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common Director(s), or if the contract or transaction is just and reasonable as to the Organization at the time it is authorized, approved or ratified.

CERTIFICATE OF ADOPTION

The undersigned, being the Secretary of the Coalition for Sonoran Desert Protection, hereby certifies that the foregoing is the Conflict of Interest Policy adopted by resolution of the Board of Directors of the Corporation as of _____, 20<<__>>.
