

CONFLICT OF INTEREST POLICY

ARTICLE I PURPOSE:

The purpose of the conflict of interest policy is to protect the interest of this tax-exempt organization (**Cherry Valley Memorial Library**) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of the Library or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable federal, state or local laws governing conflicts of interest applicable to nonprofit and charitable organizations.

ARTICLE II DEFINITIONS:

1) Interested person: Any officer, trustee, or member of a committee with Board of Trustee delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

a) **Officer** means an officer of the Board of Trustees who govern the Library

b) **Trustee** means a non-office holding member of the Board of Trustees who govern the Library

c) **Committee member** means a member or non-member of the Board of Trustees appointed to serve in a specific capacity.

2) Conflict of interest means a conflict, or the appearance of a conflict, between the private interests and official responsibilities of a person in a position of trust.

3) 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 Library has a transaction or arrangement,

b) A compensation arrangement with the Library or with any entity or individual with which the Library has a transaction arrangement, or

c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Library 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 Board of Trustees or members of a committee with governing board delegated powers considering the proposed transaction or arrangement.

2) DETERMINATION OF A CONFLICT OF INTEREST: 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 Board of Trustees 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 Board of Trustees or committee shall determine whether the Library 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 Board of Trustees or committee shall determine by a majority vote of the disinterested board or committee members whether the transaction or arrangement is in the Library'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 CONFLICT OF INTEREST POLICY

a) If the Board of Trustees 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 Trustees or committee determines if 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 Board of Trustees 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 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 Board of Trustees who receives compensation directly or indirectly from the Library 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 Library for services is precluded from voting on matters pertaining to that member's compensation.

c) No voting member of the Board of Trustees or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Library, whether individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI ANNUAL STATEMENTS

Each officer, trustee, and member of a committee with board delegated powers shall 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.

d) Understands the Library 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, and

e) Each year trustees will complete and submit a conflict of interest disclosure form detailing any arrangements that may pose a conflict of interest as described above. The disclosure forms will be kept on file during the tenure of the trustee. (see attached Conflict of Interest Disclosure Form)

ARTICLE VII PERIODIC REVIEWS

To ensure the Library 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 Library's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and so not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VIII USE OF OUTSIDE EXPERTS

When conducting the periodic review as provided for in **ARTICLE VII**, the Library may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Trustees of its responsibility for ensuring periodic reviews are conducted.

In accordance with the State of New York Section 715-a of the Not-for-Profit Corporation Law (NCPL) of the Non-profit Revitalization Act of 2013 (Chapter 549 of the Laws of 2013), this policy was revised on July 26, 2014.

Adopted: April 6, 2011, revised July 26, 2014
Cherry Valley Memorial Library Board of Trustees

1 attachment

CONFLICT OF INTEREST DISCLOSURE FORM

Note: An actual, perceived, or potential conflict of interest exists when commitments and obligations are likely to be compromised by the officer's, trustee's, or committee member's other material interests or relationships (especially economic), particularly if those interests or commitments are not disclosed.

You, as an officer, trustee, or committee member, should disclose any personal, business, volunteer obligations, or other circumstances you (or, by extension, any member of your family) believe could contribute to a conflict of interest.

_____ I have received, read and agree to comply with the Conflict of Interest Policy.

_____ I have no actual, perceived, or potential conflict of interest to report.

_____ I have the following actual, perceived, or potential conflict of interest to report: _____

I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Signature: _____

Name (print): _____

Title: _____

Date: _____

