

11/20

**TAYLOR COUNTY, WI HUMANE SOCIETY, INC.
CONFLICT OF INTEREST POLICY**

Article I: PURPOSE

The purpose of this Conflict of Interest Policy is to protect the interests of the Taylor County, WI Humane Society, Inc. (TCHS) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the TCHS 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 conflicts of interest that are applicable to non-profit 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 that person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the TCHS has a transaction or arrangement,
 - b. A compensation arrangement with the TCHS or with any entity or individual with which the TCHS 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 TCHS is negotiating a transaction or arrangement.
3. **Compensation** – 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 governing board or governing board designated committee that is considering the proposed transaction or arrangement.

2. Determining If a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, that person shall leave the governing board or committee while the determination of 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 to the governing board or designated committee; 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 chair of the governing board or designated 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 designated committee shall determine whether the TCHS can obtain a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest and whether this can be done with reasonable effort.
- d. If a more advantageous transaction or arrangement without a conflict of interest is not reasonably possible, the governing board or designated committee shall determine, by a majority vote of the disinterested directors, whether the transaction or arrangement is in the TCHS's best interest and whether it is fair and reasonable. After that determination is made, the governing board or designated committee shall decide whether or not to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

- a. If the governing board or designated committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform that 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 designated 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: RECORD OF PROCEEDINGS

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

1. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflict of 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.
2. 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

1. A voting member of the governing board who receives compensation, directly or indirectly, from the TCHS for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the TCHS for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the TCHS, either

individually or collectively, is precluded 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:

1. Has received a copy of the conflict of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the TCHS is charitable and in order to maintain its federal tax exemption must primarily engage in activities which accomplish one or more of its tax-exempt purposes.

Article VII: PERIODIC REVIEWS

To ensure the TCHS 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining;
2. Whether partnership, joint ventures, and arrangements with management organizations conform to the TCHS's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in impermissible private benefit or an excess benefit transaction.

Article VIII: USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the TCHS 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.