

# POSITIVE IMPACT HEALTH CENTERS



## Conflict of Interest Policy and Procedures

### PURPOSE

The purpose of this Conflict of Interest policy is to protect Positive Impact Health Centers' (PIHC) 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 and the federal "Intermediate Sanctions" rules of section 4958 of the Internal Revenue Code of 1986, as amended.

### DEFINITIONS

1. Interested Person: Any director, principal officer, key employee (as such term may be defined by the board of directors from time to time) or member of a committee with 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 or anticipates having, directly or indirectly, through business, investment, or family member:
  - a. An ownership or investment interest in any entity with which the Organization has or is contemplating a transaction or arrangement;
  - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has or is contemplating a transaction or arrangement;
  - c. A relationship as an officer, director, partner, significant donor or lender of any entity with which the Organization has or is contemplating a transaction or arrangement; and
  - d. Authority to make material decisions, whatever the person's formal title, on behalf of any entity with which the Organization has or is contemplating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A family member includes a spouse, parent, grandparent, great-grandparent, brother and sister (whether whole or half-blood), children, grandchildren, or great-grandchildren (whether natural or adopted), and the spouses of any of them [and any person residing in the same household].

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 decides that a conflict of interest exists.

# POSITIVE IMPACT HEALTH CENTERS



## PROCEDURE

### 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 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 any discussion with the interested person, he or she shall leave the 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 by majority vote.

### 3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Board of Directors or committee meeting, but after the presentation, he or 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 Board or committee shall, if directed by majority vote of the remaining board or committee members, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Board or committee shall determine by a majority vote of the disinterested directors 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 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 the Board or committee shall make its decision as to whether the Organization should enter into the transaction or arrangement.

### 4. Violations of the Conflicts of Interest Policy

- a. If the Board of Directors 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 or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### 5. Quorum.

Interested members may be counted in determining the presence of a quorum at a meeting of the Board of Directors or any Committee, thereof, which authorizes, approves or ratifies a transaction or arrangement pursuant to this Policy

### **RECORDS OF PROCEEDINGS**

The minutes of the Board of Directors 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.

### **COMPENSATION**

A voting member of the 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.

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.

No voting member of the 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.

# POSITIVE IMPACT HEALTH CENTERS



## **PERIODIC REVIEWS**

Periodic reviews shall be conducted to ensure the Organization operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status.

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.

## **USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

## **PERSONAL USE OF INFORMATION**

No director, officer or employee of the Organization shall take personal advantage of information she or he receives during service to the Organization. Any such person who obtains information that could be of personal benefit shall refrain from taking action on such information until all issues have been reviewed by the Board of Directors and a determination is made that such personal use would not publicly harm or be financially detrimental to the Organization's reputation and/or operation. All board information is considered confidential unless the board expressly acknowledges in writing that any such information is not confidential.