

Lansing Community Library
CONFLICT OF INTEREST POLICY

ARTICLE I

PURPOSE

The Corporation has adopted this policy to ensure that its directors, officers and key employees act in the Corporation’s best interest. The Corporation shall comply with this policy when considering whether to enter into a transaction that may benefit the private interest of or provide an excess benefit to an officer, director or key employee of the Corporation. Such transactions are governed by the Internal Revenue Code, U.S. Department of Treasury regulations, and the New York Not for Profit Corporation Law, as amended by the New York Nonprofit Revitalization Act of 2013. This policy is intended to supplement state and federal laws governing conflict of interests applicable to nonprofit and charitable organizations.

ARTICLE II

DEFINITIONS

1. “**Affiliate**” means any entity controlled by, or in control of, the Corporation.
2. “**Conflict of Interest**” arises if a director, officer, member of a committee to whom the governing board has delegated powers, key employee, or any relative thereof, has an existing or potential business, financial or personal interest or holds an elected or appointed position that could impair or might reasonably appear to impair the exercise of independent, unbiased judgment in the discharge of his or her responsibilities to the Corporation.
3. “**Financial Interest**” means 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 Corporation has a transaction or arrangement,
 - b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation 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 Corporation is negotiating a transaction or arrangement.

For purposes of this definition, compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

4. “**Independent Director**” is any officer, trustee or director who:
 - a. has not been an employee of the Corporation or any affiliate within the last three years;

- b. has no relative who within the last three years has been an employee of the Corporation or any affiliate;
- c. has not received more than \$10,000 in direct compensation from the Corporation or any affiliate within the last three years;
- d. is not currently employed by an entity which has made payments to or received payments from the Corporation for services or property in excess of \$25,000 or 2% of the gross revenues of the Corporation, whichever is less, within the last three years; or
- e. is not and does not have a Relative who is a current whole or partial owner, director, officer or employee of the Corporation's outside auditor or who has worked on the Corporation's audit at any time during the past three (3) years.

For purposes of this definition, "payment" does not include charitable contributions, dues or fees to the Corporation for services which the Corporation performs as part of its nonprofit purposes. Reimbursement of expenses is not "direct compensation".

- 5. **"Key Employee"** means any person who is in a position to exercise substantial influence over the affairs of the Corporation, including but not limited to officers and directors.
- 6. **"Related Party"** means:
 - a. any director, officer, member of a committee to whom the governing board has delegated powers, or key employee of either the Corporation or an Affiliate;
 - b. any Relative of a person listed above; or
 - c. any entity in which any of these individuals has a 35% or greater beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.
- 7. **"Related Party Transaction"** means any transaction or agreement in which a Related Party has a Financial Interest and in which the Corporation or an Affiliate is a party.
- 8. **"Relative"** means any spouse, domestic partner, ancestor, brother, sister (whole and ½), child (natural and adopted), grandchild, great grandchild and spouses and domestic partners.

ARTICLE III PROCEDURES

- 1. **Duty to Disclose**
Any officer or director or Related Party who has an actual or possible Conflict of Interest, must disclose the existence of the conflict or Financial Interest and be given the opportunity to disclose all material facts to the governing board or authorized committee thereof.
- 2. **Determining Whether a Conflict of Interest Exists**
After disclosure of the conflict or Financial Interest and all material facts, and after any discussion with the officer or director or Related Party, 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. Such officer or director or Related Party may make a presentation to the governing board or authorized committee thereof, 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. Such officer or director or Related Party may not make any attempt to influence the deliberation or voting on the matter giving rise to a conflict.
- c. The chairperson of the governing board or authorized committee thereof shall, if appropriate, appoint a director or committee to investigate alternatives to the proposed transaction or arrangement.
- d. After exercising due diligence, the governing board or authorized committee thereof shall determine whether the Corporation 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.
- e. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the governing board or authorized committee thereof shall determine by a majority vote of the directors or committee members, excluding such officer or director or Related Party, whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and 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. Related Party Transactions

The Corporation shall not enter into a Related Party Transaction unless the transaction is determined by the governing board or authorized committee thereof to be fair, reasonable and in the Corporation's best interest. The determination shall be made following the procedures of Section 3 above.

5. Violations of the Conflicts of Interest Policy

- a. If the directors of the governing board or authorized committee thereof have reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, they 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, it is determined that the member has failed to disclose an actual or possible Conflict of Interest, the governing board or authorized committee thereof shall take appropriate disciplinary and corrective action.

ARTICLE IV RECORDS 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 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 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 ANNUAL STATEMENTS

Each director, officer and member of a committee to whom the governing board has delegated powers shall, prior to initial election and, annually thereafter 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 Corporation 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.

ARTICLE VI PERIODIC REVIEWS

To ensure the Corporation 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.
2. Whether partnerships, joint ventures, and arrangements with management and service companies conform to the Corporation'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 VII USE OF OUTSIDE EXPERTS

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

THE FOREGOING DOCUMENT IS A TRUE AND ACCURATE COPY OF THE CONFLICT OF INTEREST POLICY OF THE LANSING COMMUNITY LIBRARY DULY ADOPTED BY THE BOARD OF TRUSTEES ON June 22, 2016.

Elizabeth W. Miller, Policy Committee Chair
Name

June 22, 2016
Date

**CONFLICT OF INTEREST
ANNUAL STATEMENT**

Please complete the following questions:

1. Do you or do any of your Relatives hold, or have you or a Relative held, any position as a shareholder, member, partner, director, trustee, officer, key employee or consultant for a business entity that has done business, is doing business or seeks to do business with the Corporation or any Affiliate of the Corporation?

NO _____ YES _____

IF "YES", please explain:

2. Other than as stated in your answer to Question 1, do you or do any of your Relatives have, or have you or a Relative had, a business or financial relationship with, or any other interest in, any business entity that has done business, is doing business or seeks to do business with the Corporation or any Affiliate of the Corporation?

NO _____ YES _____

IF "YES", please explain:

3. Other than as stated in your answer to Questions 1 and 2, have you or have any of your Relatives received or enjoyed, directly or indirectly, any gift, entertainment, compensation, reward, or other benefit valued in excess of \$200 during the past year from any business entity that has done business, is doing business or seeks to do business with the Corporation or any Affiliate of the Corporation?

NO _____ YES _____

IF "YES", please explain:

4. Do you have a Relative who currently or in the past three (3) years has been an employee of the Corporation or any Affiliate of the Corporation with direct compensation in excess of \$10,000.00?

NO _____ YES _____

IF "YES", please explain:

5. Are you or any of your Relatives an owner, director, officer or employee of any auditing or accounting firm that has worked on the audit of the Corporation or any Affiliate of the Corporation at any time during the past three (3) years?

NO _____ YES _____

IF "YES", please explain:

6. Have you, or has any Relative received a loan, or do you or any Relatives owe any outstanding amount on a loan, or received or enjoyed, directly or indirectly, any gift, grant or other assistance from the Corporation or any Affiliate of the Corporation?

NO _____ YES _____ IF "YES", please explain:

7. Have you given to or received from the Corporation or an Affiliate funds, other than as a charitable donation, totaling an excess of \$25,000 at any time during the last three (3) years?

NO _____ YES _____ IF "YES", please explain:

8. Do you have a family relationship or a business relationship with any other individual who is an officer, governing board member or Key Employee of the Corporation or any Affiliate of the Corporation?

NO _____ YES _____ IF "YES", please explain:

- (a) Are you a member of the governing board, an officer, Key Employee, or consultant to, or have any other interest in any health care provider, third party payor or any other business entity involved in health care other than the Corporation?

NO _____ YES _____ IF "YES", please explain:

- (b) List any other governing boards on which you or your spouse serve. () None

9. Please list any other activities in which you or a Relative are engaged that may reasonably be perceived as constituting a potential conflict of interest. () None

10. List any litigation pending or threatened against the Corporation or any Affiliate of the Corporation in which you or, to the best of your knowledge, a Relative are currently engaged. () None

CONFIDENTIALITY AGREEMENT. I recognize and agree that the Board and Committee meetings of Corporation or any Affiliate are conducted in strictest confidence and matters are discussed which are sensitive in nature and, therefore, confidential and of a proprietary nature within Corporation. Accordingly, I agree in connection with any and all participation at meetings of the Boards of Trustees/Directors or committees of those Boards to maintain all information, whether or not specifically identified as confidential and proprietary in strictest confidence, absent specific authorization to release or disclose information to third parties by the Board of Trustees/Directors or its President/Chairman. By Signature below, I also certify that neither I (nor, to the best of my knowledge, any Relative) have disclosed or used information relating to the Corporation's business for the personal profit or advantage of myself or any of my Relatives.

AFFIRMATION. I hereby acknowledge receiving a copy of the Corporation's Conflict of Interest Policy.

I understand that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I have disclosed above any and all activities and interests to the best of my knowledge that might possibly constitute a conflict of interest.

I agree to refrain from voting or using my personal influence on any matter that may represent a conflict of interest.

I agree to refrain from accepting gifts, including gratuities or entertainment, intended to influence my judgment or actions concerning the business of the Corporation.

If I learn of any situation in the future which may constitute a new conflict of interest, I will promptly provide a new Disclosure Statement.

Signature

Printed Name

Date