

# Leelanau Conservancy

## Conflict of Interest Policy

**Purpose:** The purpose of this Conflict of Interest policy is to ensure that the Leelanau Conservancy meets the highest standard of professionalism and sound business practices in pursuing conservation projects as well as its general business relationships. The Conflict of Interest Policy provides a guideline whenever the organization contemplates entering into a transaction or arrangement that may be perceived as providing private “inurement” or benefiting the private interests of an “insider.” In interpreting this policy, interested parties should bear in mind that the Leelanau Conservancy is a public charity, and as such it depends on its integrity and public perception to carry out its work as a land conservancy.

### **Definitions:**

**Conflict of Interest:** a conflict of interest arises when “insiders” are in a position, or perceived to be in a position, to benefit financially (or create a benefit to a family member or other organization with which they are associated) by virtue of their position within the non-profit organization.

**Insiders:** board and staff members, substantial contributors, their relatives, those who have an ability to influence decisions of the organization and those with access to information not available to the general public.

**Private Inurement:** when the assets of a tax-exempt organization come to the benefit of any private shareholder or individual

### **Conflict of Interest Determined**

A person shall have a potential conflict of interest if, directly or indirectly, through business, investment or family, the individual has:

- An ownership or investment interest in any entity or individual with which the Conservancy has a transaction or arrangement.
- A compensation arrangement with the Conservancy or with any entity or individual with which the Conservancy has a transaction or arrangement.
- A potential ownership, investment interest or compensation arrangement with any entity or individual with which the Conservancy is negotiating a transaction or arrangement.

Not all financial interests constitute a conflict of interest. The Board of Directors shall make the final determination as to whether a conflict of interest exists.

Some examples of situations where a conflict of interest might arise:

Example 1: A board member provides professional services for which that board member receives compensation or other financial benefit from the Conservancy.

Example 2: A land project comes before the board which directly affects a board member or their client. For example, if a developer who serves on the board

# Leelanau Conservancy

## Conflict of Interest Policy

brings land projects before the board which may result in financial benefit (either through profits or tax advantages), a conflict exists.

Example 3: A conflict, or the appearance of impropriety, may occur when an employee or board member receives a gift or financial benefit based upon a relationship which arises through the person's employment with the Conservancy. For example, if an employee develops a relationship with an individual during the process of negotiating and finalizing the donation of a conservation easement and the landowner offers to sell land to that employee at a bargain price.

Example 4: The Conservancy is involved in a land protection project directly adjacent to a board member's property. The Conservancy's actions may impact the value of the board member's property.

**Procedures:** The following procedures will determine whether or not a conflict of interest exists, and how to address a conflict in the event one is determined to exist.

- **Duty to disclose:** All covered parties have a duty to disclose any actual or potential conflict of interest, and must provide all material facts to the Board of Directors.
- **Determination:** After hearing all material facts, the individual having the potential conflict shall leave the meeting, to allow the Board of Directors to determine whether such a conflict exists. Alternatively, the individual may stipulate their conflict.
- **Subsequent action:** An individual having a conflict of interest shall not participate in any discussion surrounding the issue, nor may the individual vote on such an issue.
  - The Board of Directors shall ask the individual to leave the room during the discussion and vote.
  - If the conflict involves contracting for services, or other financial transaction for which other options are available, the Board of Directors may choose to appoint a disinterested person and/or committee to evaluate the alternatives.
  - In the event that the transaction is exclusive, and/or it is determined that the benefits accruing to the organization exceed any conflict of interest concerns, the Board of Directors shall determine by a majority vote of disinterested members whether or not to proceed.
  - Disclosure of the potential conflict of interest, the board member's absence from the final board discussion and abstention from the vote on the issue shall be noted in the board minutes

# Leelanau Conservancy

## Conflict of Interest Policy

- The absence of a board member due to conflict of interest shall not be a consideration in determining whether a quorum exists.

### **Further Considerations:**

If conflict of interest situations with a board member arise on more than an infrequent basis the Conservancy and board member should consider whether that person should continue to serve on the board. The possibility of this circumstance arising should also be taken into account in selecting board members or soliciting volunteers.

Employees may not accept gifts of more than nominal value (see personnel policy) from individuals or entities associated with the Conservancy when the relationship between the employee and the donor exists as a result of the employee's employment with the Conservancy.

# Leelanau Conservancy

## Conflict of Interest Policy

### CONFLICT OF INTEREST ANNUAL STATEMENT

As an employee, Board member, or member of a committee of the Leelanau Conservancy, the Conflict of Interest Policy requires you to deliver this Annual Statement. A copy of the Conflict of Interest Policy is attached to this statement. Please review it carefully before completing this Annual Statement, then fill out the information below.

1. Name: \_\_\_\_\_

2. Date: \_\_\_\_\_

3. Position: \_\_\_\_\_ Board Member

\_\_\_\_\_ Committee Member

\_\_\_\_\_ Employee

4. List any and all positions you hold, business dealings you have or financial interests that may present a conflict with your work for the Conservancy:

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5. I have the following interest in property that has a conservation easement with the Conservancy:

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I understand that the Conservancy is a charitable organization 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. I certify that I have received a copy of the Leelanau Conservancy Conflict of Interest Policy, that I have read and understand the Policy, and that I agree to comply with the Policy.

\_\_\_\_\_ (Signature)