



Mended Hearts

04/05/2020



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mended hearts

## **The Mended Hearts, Inc. (MHI) Conflict of Interest Policy and Disclosure Form**

### ***Acknowledgement Page (last page)***

The purpose of the conflict of interest policy is to protect the Organization's interest when it is contemplating entering a transaction or arrangement that might benefit the private interest of a Board member, officer, director, committee member, or staff person.

#### **Definition of Interested Person**

Any Board member, director, officer, member of a committee with Board-delegated powers, or staff person who has a direct or indirect financial or fiduciary interest, as defined below, is an interested person.

#### **Definition of Financial or Fiduciary Interest**

A person has a financial or fiduciary interest if the person has, directly or indirectly, through business, investment or family:

- A real or potential ownership or investment interest (including stock ownership) in any entity with which the Organization has or is negotiating a transaction or arrangement,
- A real or potential compensation arrangement (including direct and indirect remuneration as well as gifts or favors that are substantial in nature) with the Organization or with any entity or individual with which the Organization has or is negotiating a transaction or arrangement, or
- A position as an officer or Board member, employee or former employee of any entity which operates in the same business space, or an entity with which the Organization has or is negotiating a transaction or arrangement.

#### **Definition of Compensation**

Compensation includes direct and indirect remuneration as well as gifts or favors that are material in nature.

## **Duty to Disclose**

Relating to any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial or fiduciary interest and must be given the opportunity to disclose all material facts to the Board and members of committees with Board-delegated powers.

## **Determining Whether a Conflict of Interest Exists**

After any disclosure of the financial or fiduciary interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

## **Allowed Transactions Involving Conflicts of Interest**

Transactions with parties with whom a conflicting interest exists may be undertaken only if all the following are observed:

- The conflicting interest is fully disclosed
- The person with the conflict of interest is excluded from the discussion and approval of such transaction
- A competitive bid or comparable valuation exists
- The Board has determined that the transaction is fair and reasonable and in the best interest of the Organization.

## **Violations of Conflicts of Interest**

- If the Board has reasonable cause to believe that a Board member, officer, director, committee member, or staff person has failed to disclose actual or possible conflicts of interest, or if the member has been determined to have a conflict of interest, the Board shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- If, after hearing the response of the Board member, officer, director, committee member, or staff person and making such further investigation as may be warranted, the Board determines that the member has in fact failed to disclose an actual or possible conflict of interest, or determine the member has a conflict of interest, the Board shall take appropriate disciplinary and corrective action, up to terminating the member from the Board, committee, position, or employment in the case of a staff person.

## **Record of Proceedings**

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

- The names of the persons who disclosed or otherwise were found to have a financial or fiduciary interest about 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.
- 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 therewith.

### **Annual Statements**

Each person covered by this policy shall annually sign a statement which affirms that such person:

- Has received a copy of the conflict of interest policy
- Has read and understands the policy
- Has agreed to comply with the policy
- Understands that the Organization is a charitable organization and that to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

### **Periodic Reviews**

To ensure that the Organization operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its Federal tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable and are the result of arm's length bargaining
- Whether any purchases of goods and services result in inurement or impermissible private benefit
- Whether affiliation, partnership, joint venture and arrangements conform to Board-approved policies, are properly recorded, reflect reasonable investments or payments for goods and services, further the Organization's charitable purposes and do not result in inurement or impermissible private benefit.

**CONFLICTS OF INTEREST ACKNOWLEDGMENT AND DISCLOSURE FORM**

I have read the conflicts of interest policy set forth above and agree to comply fully with its terms and conditions at all times during my service as an MHI *[enter role, e.g., Board Member, Officer, staff member]*: \_\_\_\_\_.

If at any time following the submission of this form I become aware of any actual or potential conflicts of interest, or if the information provided below becomes inaccurate or incomplete, I will promptly notify the MHI President in writing.

**Disclosure of Actual or Potential Conflicts of Interest:** *[if none, enter "none" below]:*

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I acknowledge and agree that my selection for service in the role(s) listed above and the opportunities made available to me by serving in this role(s) constitute good and valuable consideration for entering into this agreement, the receipt and sufficiency of which I hereby acknowledge.

**In my individual capacity:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_