

**NORTHERN ARIZONA AUDUBON SOCIETY
CONFLICT OF INTEREST POLICY**

**Article I
Purpose**

The purpose of this conflict of interest policy (this “Policy”) is to protect the interest of Northern Arizona Audubon Society (Audubon) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of Audubon 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.

**Article II
Definitions**

1. **Interested Person.** Any director or principal officer 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, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which Audubon has a transaction or arrangement;
 - b. A compensation arrangement with Audubon or with any entity or individual with which Audubon has a transaction or arrangement; or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Audubon is negotiating a transaction or arrangement.

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 Board of Directors (the “Board”) decides that a conflict of interest exists.

3. Family includes any spouse, domestic partner, parent, child or spouse of a child, brother, sister or spouse of a brother or sister of an Interested Person.

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 Board.

2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial 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.

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

a. An Interested Person may make a presentation at the Board meeting, 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. If the Board determines that there is no conflict of interest, the transaction or arrangement is not subject to the remaining procedures c. through e. outlined in this Section 3. If the Board determines that there is a conflict of interest, the Board shall follow the procedures outlined in paragraphs c. through e. of this Section 3.

c. The President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

d. After exercising due diligence, the Board shall determine whether Audubon 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 Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Audubon's best interest, for its own benefit, and whether it 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. **Violations of the Policy**

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

Article IV
Records of Proceedings

The minutes of the Board meeting 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 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.

Article V
Compensation

1. A voting member of the Board who receives compensation, directly or indirectly, from Audubon for services is precluded from voting on matters pertaining to that member's compensation.
2. No voting member of the Board who receives compensation, directly or indirectly, from Audubon, either individually or collectively, is prohibited from providing information to the Board regarding compensation.

Article VI
Annual Statements

Each director or principal officer shall, annually sign a copy of this Policy which affirms such person:

- a. Has received a copy of this Policy,
- b. Has read and understands this Policy,
- c. Has agreed to comply with this Policy (including disclosure of a transaction which could give rise to a conflict of interest), and
- d. Understands that Audubon 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 VII
Reviews

To ensure Audubon operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, regular and consistent reviews (at

least annually) shall be conducted. The 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; and
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Audubon's written policies, are properly recorded, reflect reasonable investments 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 VIII
Use of Outside Experts

When complying with this Policy, Audubon may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility under this Policy.

I hereby acknowledge that I have received and reviewed a copy of this Policy.

Sign: _____

Print Name: _____

Date: _____, 20____.