

CHOICE & CONSEQUENCE CONFLICT OF INTEREST POLICY

by
Colleen C. Williams, MS, RN
Reference- Internal Revenue Service

Article I

Purpose

The purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee of the Corporation. This policy is intended to supplement but not replace any applicable state laws in Chapter 24.03 RCW, of the Washington Nonprofit Corporation Act.

A conflict of interest occurs when there is a divergence between an individual's private interests and his or her professional obligations to the Choice & Consequence (CC) organization such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by considerations of personal gain, financial or otherwise. A conflict of interest depends on the situation, and not on the character or actions of the individual.

Article II

Definitions

1. Interested Person

Any director, principal officer, employee, or member of a committee with board delegated powers, who has a direct 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 the Corporation has a transaction or arrangement, or
- 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.

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

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 appropriate board or committee decides that a conflict of interest exists.

Article III

Procedures

1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must 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 after any discussion with the interested person, he/she shall leave the board or committee meeting, while the 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. An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

- b. The chairperson of the board or committee shall, if appropriate, 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 whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to 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 Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into a transaction or arrangement in conformity with such determination.
4. Violations of the Conflict of Interest Policy
- a. If the board or committee has reasonable cause to believe that 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 response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact 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 and all committee 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 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 therewith.

Article V

Compensation

1. A voting member of the board of directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. Persons who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No employee or board or committee member either individually or collectively, is prohibited from providing information to any committee regarding employee compensation.

Article VI

Annual Statements

1. Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person--
 - a. has received a copy of the conflicts of interest policy,
 - b. has read and understands the policy,
 - c. has agreed to comply with this policy, and
 - d. understands 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.

CHOICE & CONSEQUENCE
Conflict of Interest Policy
Acknowledgement of Receipt

As an employee or board member of the Choice & Consequence organization, I hereby agree to the following statements:

- a. I have received a copy of the conflict of interest policy.
- b. I have read and do understand the policy.
- c. I agree to follow the policy and abide by the rules.
- d. If I am unsure whether or not a conflict of interest exists, I agree to notify the board of directors that a determination needs to be made, before taking any action or entering into any arrangement with any outside organization that may or may not be a conflict of interest.

This is to certify that the above statements are true and correct.

_____ / _____
Signature Date