

THE PRAIRIE ENTHUSIASTS, INC. CONFLICTS OF INTEREST POLICY

The Prairie Enthusiasts' effectiveness depends upon maintaining the highest levels of credibility, objectivity and fairness. It is inevitable that conflicts of interest will arise both on the Board of Directors and staff levels. Individuals have a responsibility to bring real or perceived conflicts of interest to the attention of the level of authority necessary for resolution and protection of everyone involved.

A conflict of interest arises when a person is in a position, or perceived to be in a position, to benefit financially by virtue of their position with The Prairie Enthusiasts. All board members, officers and staff are responsible for identifying activities, transactions, and positions/relationship with individuals and/or organizations that may represent a conflict of interest.

The purpose of the conflict of interest policy is to protect The Prairie Enthusiasts' interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director or staff of The Prairie Enthusiasts. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable corporations and foundations.

Conflict of Interest Definitions

A. **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 Prairie Enthusiasts.

B. **Insiders.** "Insiders" include board and staff members, substantial contributors, those who have an ability to influence decisions of the organization and those, like some volunteers, with access to information not available to the general public. In addition, insiders include all persons related to the listed persons.

C. **Related persons.** "Related persons" include a spouse, as well as brothers, sisters, ancestors, children, grandchildren, great-grandchildren and spouses of all the foregoing. Any person with whom a related person shares living quarters under circumstances that closely resemble a marital relationship or who is financially dependent upon the related person will be considered to be a related person.

D. **Substantial contributors.** "Substantial contributors" include any individual, corporation or foundation that makes a gift or pledge of \$25,000 or more at any one time or cumulatively within a five-year period prior to the occurrence of the conflict either in cash, appreciated securities, other assets or in land, easement or bargain-sale value.

E. **Inside information.** "Inside information" includes any material information that is identified as confidential or proprietary pertaining to the business and affairs of The Prairie Enthusiasts,

whether related to a specific transaction or to matters pertaining to The Prairie Enthusiasts' interests, activities and policies.

F. Material financial interest. "Material financial interest" means any financial interest in a transaction, direct or indirect, other than one that is so minor that no one would reasonably believe that the interest could affect or influence the judgment or decisions of the person or persons involved.

G. Compensation. "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. 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.

Procedure for Disclosing a Conflict of Interest

- 1. Duty to disclose.** In connection with any actual or possible conflicts of interest, the person must disclose the existence of his or her financial interest and provide such information as may be requested to the Board of Directors and members of committees with board delegated powers considering the proposed transaction or arrangement. In addition, the person shall have the opportunity to disclose any other material facts. As to staff members and volunteers, disclosure shall be to the Executive Director. As to the Executive Director and all board members, other than the Board President, disclosure shall be to the Board President. As to the Board President, disclosure shall be made to the Executive Committee. As to all other insiders, including substantial contributors, disclosure shall be to the Executive Director or the Board President.
- 2. Abstain.** After such disclosure, the person shall abstain from discussing with board or staff members anything related to the conflict of interest or circumstances unless specifically asked by the board or a board committee to give information on the matter.
- 3. Absent.** The person shall absent him or herself from board or board committee discussions on anything related to the conflict of interest or circumstances unless specifically asked by the board or a board committee to give information on the matter. The person shall also absent him or herself during voting on anything related to the conflict of interest or circumstances.
- 4. Resign.** The person shall resign from the board, if requested to do so by the board, until such time as the matter giving rise to the conflict of interest or circumstances has been resolved. When, in the opinion of the board, the matter has been sufficiently resolved, the resigned director may be invited to rejoin the board.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the conflicted person, he/she shall leave the 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.

1. 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.
2. After exercising due diligence, the board or committee shall determine whether TPE 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.
3. 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 TPE's best interest and for its own benefit and whether the transaction is fair and reasonable to TPE and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Violations of the Conflicts of Interest Policy

1. 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.
2. 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.

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.

Compensation

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from TPE 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 TPE for services is precluded from voting on matters pertaining to that member's compensation.
3. A person who receives compensation, directly or indirectly, from TPE, whether as an employee or independent contractor, is precluded from membership on any committee whose jurisdiction includes compensation matters.

Annual Statements

Each Board member, staff, and member of a committee with board delegated powers shall annually sign a statement which affirms that such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands that TPE 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.

Periodic Reviews

The periodic reviews shall be the responsibility of the Board of Directors or their designee and, at a minimum, include the following:

1. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
2. Whether partnership and joint venture arrangements and arrangements with management service organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further TPE's charitable purposes and do not result in inurement or impermissible private benefit.
3. Review any other subjects necessary to ensure that TPE operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax.

Use of Outside Experts

In conducting the periodic reviews, TPE may, but need not, use outside advisors. If outside experts are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

The Prairie Enthusiasts, Inc. Conflict of Interest Statement

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A conflict of interest arises when a person is in a position, or perceived to be in a position, to benefit financially by virtue of their position within The Prairie Enthusiasts.

All board members, officers and staff are responsible for identifying activities, transactions, and positions/relationships with individuals and/or organizations that may represent a conflict of interest.

The purpose of the conflict of interest policy is to protect The Prairie Enthusiasts' interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or staff of The Prairie Enthusiasts. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable corporations and foundations.

Each director, principal officer and member of a committee with board delegated powers shall annually sign this statement which affirms that such person:

- Has been given a copy of the full conflict of interest policy
- Has read and understands this policy;
- Has agreed to comply with this policy; and
- Understands that The Prairie Enthusiasts 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 read and agree to abide by The Prairie Enthusiasts Conflict of Interest Policy.

Signature

Position

Date