

Ruritan National

CONFLICT OF INTEREST POLICY

Ruritan Members should be aware that conflicts of interest can arise through various relationships including, but not limited to, family relationships, economic relationships and personal or intimate relationships. Conflict of Interest is created when:

- A director, officer, trustee, or employee, is a party to a contract, or involved in a transaction with Ruritan National for goods or services
- A director, officer, trustee, or employee has a material financial interest in a transaction between Ruritan National and an entity in which the director, officer, trustee, employee, or a family member has an interest or relationship.
- A director, officer, trustee, employee, (or a family member of the foregoing) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with Ruritan National

A conflict of interest arises when a director, officer, trustee, or staff member has a personal interest that conflicts with the interests of Ruritan National or arises in situations where a director, officer, trustee, or staff member has divided loyalties (also known as a “duality of interest”).

A conflict arising out of a personal interest can occur in situations that result in inappropriate financial gain to persons in authority at Ruritan National and can lead to financial penalties and violations of IRS regulations. Situations or transactions arising out of a conflict of interest also can result in either inappropriate financial gain or the appearance of a lack of integrity in Ruritan National decision-making process.

Other situations may create the appearance of a conflict, or present a duality of interests, with a person who has influence over the activities or finances of Ruritan National.

Typically, persons who are affected by a conflict-of-interest policy are Ruritan National's directors, officers, trustees, and senior staff. In some cases, a major donor could also be in a conflict situation. Ruritan National takes a broad view of conflicts and directors, officers, trustees, and staff, are urged to think of how a situation/transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.

A person who must consider whether he/she has a conflict includes any person serving as a director, officer, trustee, employee, or a major donor to Ruritan National or anyone else who is in a position of control over Ruritan National or who has a personal interest that is in conflict with the interests of Ruritan National.

Staff should disclose to their supervisor/Executive Director and board members should disclose to the President of the Board as soon as they become aware that a conflict, potential conflict, or appearance of a conflict exists.

Board and staff are urged to disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. 16

Employees should avoid situations in which they may be called upon to negotiate or do business with an organization in which the employee (or close relative of the employee or other person with whom the employee has a close personal relationship) has substantial ownership or other interest.

Because of the potential for a conflict of interest, all employees considering or having employment, performing services or consulting work outside Ruritan National must have prior written approval from the Chief Professional Officer and may not accept fees for service when representing Ruritan National.

In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to his or her supervisor or the President who shall determine, in cooperation with the Executive Committee, whether there exists a Conflict of Interest that is subject to this policy.

All such circumstances should be disclosed to the board or staff, as appropriate, and a decision made as to what course of action the organization and/or individuals should take so that the best interests of Ruritan National are not compromised by the personal interests of stakeholders in the nonprofit.

After identifying the issue, matter or transaction with respect to which a conflict exists, a director/officer with a conflict shall withdraw from any further involvement in that issue, matter or transaction unless a majority of the disinterested directors/officers shall determine that the conflict is (i) immaterial or not adverse to the interests of Ruritan National or (ii) the benefits of allowing the person with the conflict to participate in the discussion or consideration, but not the final decision, outweigh the dangers; in which case the person may participate in the discussion, study or consideration of the issue, matter or transaction, but not the final discussion or decision.

The minutes of the Board of Directors of Ruritan National at which the disclosure of any conflict of interest is made, shall reflect that the disclosure was made and whether the member with the conflict withdrew, after making full disclosure of the matter in question and the conflict and was not present for the final discussion of the matter and any vote thereon.