



**CALIFORNIA TRINITY SCHOOL OF BUSINESS  
BOARD MANUAL  
(2021~2022)**

**2333 Beverly Blvd.  
Los Angeles, CA 90057**

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# I. Purposes & Values

## ***Purposes of a Non-Profit Board of Directors***

In *Ten Basic Responsibilities of Nonprofit Boards*, Richard Ingram suggests the board's role is to:

1. Determine the organization's mission and purpose
2. Select the chief executive
3. Support the chief executive and assess his or her performance
4. Ensure effective organizational planning
5. Ensure adequate resources
6. Manage resources effectively
7. Determine, monitor, and strengthen the organization's programs and services
8. Enhance the organization's public standing
9. Ensure legal and ethical integrity and maintain accountability
10. Recruit and orient new board members and assess board performance

Richard T. Ingram

*Ten Basic Responsibilities of Nonprofit Boards*, Washington DC: National Center for Nonprofit Boards, 1997.

Three areas of duty:

**Governance** – The board as a whole makes decisions and sets policies. Individual board members do not govern; they interact with their fellow members to come to a decision. Governing is only occurring during meetings with proper notice and enough members to constitute a quorum.

**Implementation** – Decisions may require action beyond the meeting. In many cases, that implementation is the responsibility of the president and his or her staff. In some cases, the board may authorize one or more members to implement a decision (e.g. choose a contractor for a planned improvement).

**Volunteerism** – Board members are normally expected to volunteer beyond attendance at meetings. Many times they assist in an area of their special expertise (e.g. a lawyer may look over contracts; a banker may interview accounting firms). A board member often volunteers under the supervision of a staff member (e.g. the director of development may supervise board members who are planning a silent auction or VIP reception).

These duties are not to be usurped by the administrations or staff. Furthermore, board members are not to usurp the duties of administrators and staff.

## ***Institutional Mission & Goals***

Until there is not only consensus but some passion about a clear mission, strategic planning can be a waste of time. Mission is the reason you exist as an organization. Would the world lack anything if someone didn't achieve your mission? How do you know whether to add or eliminate a program unless you can link it to your mission? (Andringa and Engstrom 1997: 16)

Andringa, Robert C. and Ted W. Engstrom

1997 *Nonprofit Board Answer Book*. Washington, DC: National Center for Nonprofit Boards.

## ***Mission Statement***

The mission of California Trinity School of Business is to prepare its graduates to take on leadership roles in their respective fields and be a significant contribution to society through its quality academic programs, faculty, and resources.

## ***Vision***

California Trinity School of Business is committed to become a premier academic institution by providing dedicated educational excellence and preparing the students to become leaders to whom we can entrust the future of business and society. Believing our education offerings are based on collaboration, integrity, respect, community, and leadership, the school's mission and core values are articulated in our programs and school culture.

## **II. Qualifications and Selection Process**

### ***Qualifications***

For a person to be considered qualified for board membership, he or she should be:

- Willing to commit to continued financial support for California Trinity School of Business.
- Willing to commit to volunteer participation and leadership in support of California Trinity School of Business.
- Willing to serve by being involved in School of Business activities and projects.

## ***Selection***

The board invites nominations of qualified persons having relevant expertise to serve on the board. Those wishing to nominate potential members should contact the Board of Directors. The board will seek testimony as to qualifications of a nominee. A delegated individual will then contact the nominee to discuss his or her interest. If this nominee is interested in supporting the school by serving on the board, the Board of Directors will vote on the matter. Acceptance into membership requires a two-thirds vote by the members of the board who are present at an official board meeting. The governing board is of sufficient size so that all committees can be adequately populated by qualified members without concentrating too much control in a small number of people. The board of directors is no less than five members and no more than eleven members.

## ***Length of Service of Members***

Members of the board of directors will normally be appointed for a 3-year term. If a member must leave his or her office before end of his or her term, a new member can be appointed to complete the term of the outgoing member.

Terms of board members may be renewed if the individual is willing to serve again and the board of directors unanimously votes to accept the member for a new term at an official board meeting. There is no term limit for the board membership.

### **III. Duties and Responsibilities of Board Members**

#### ***A Guardian of Policy***

A board governs at the policy level by encouraging, protecting, defending, and strengthening the mission of the school. A board develops or approves the school's initial mission statement. From that point on, the mission statement serves as a plumb line to measure proposed goals or initiatives. A program that merely adds students or money should not be approved if it does not fit the mission. Board members are the stewards charged with assuring that the direction of the school is consistent with the mission statement. The details of how any approved goals or initiatives are to be accomplished is the work of the President and his or her administration. The President will submit an annual revision of the Five Year Strategic Plan. The board will evaluate how the plans contribute to the mission of the school.

The mission statement should be periodically reviewed and perhaps even revised. However, changing the mission statement has many implications. Changing it should not be done casually or in isolation from various stakeholders (e.g. sponsoring faculty, administrators, and alumni).

In addition to a school's broad statements of policy (i.e., mission, visions, objectives, values, intentions, etc.), a board will also approve various policy documents. The board gives major attention to the constitution, bylaws and board manual. Other policy documents to approve include:

- Policies Manual
- Faculty Handbook
- Student Handbook
- Catalog

#### ***Becoming Highly Qualified***

Board members should stay informed about the School. This will involve attending meetings and reading various documents. One document, an annual institutional research report, will inform members of strengths and weaknesses that have been identified relative to each objective, goal, or component of the mission statement. Making oneself aware of higher education issues and trends will also be useful.

Board members should also value the work of the Personnel Committee. This committee is responsible to orient and continually train board members. They are also responsible to identify types of new members needed, recruit members as needed, and annually evaluate current members.

#### ***Relating to the Administration***

Board members must not become distracted from their work by becoming involved in the daily operations of the school. The board's specific contributions are unique to its trusteeship role and necessary for proper governance and management. Our accrediting agency will not be pleased if

they find the board doing what should be done by administrators. The President and his or her team are responsible to carry out the policies.

The board will ensure the accomplishment of policy by annually reviewing the President based upon mutually agreed to (and written) expectations. The board will not supervise other administrators or staff. The board will encourage and nurture the President and his or her staff through good policies, fair compensation, and appropriate involvement. Board members are strongly encouraged not to explore specific issues of concern with individual faculty, staff or students, but to refer their concern to the board as a whole, or to the president. Individual board members will have no authority to act for the School outside of the board meeting.

### ***Representing the Institution***

Outside of board meetings, the board will speak through the chairman or member designated by the chairman to represent the board.

The board encourages open debate and dialog during the meetings. Outside the meetings, the board speaks only through the chairman with one voice. Individual board members should share with either the chairman or the President significant issues raised by interested parties outside of the meetings. Issues of concern are encouraged to be brought to the board through the chairman, the members, or the President. The leadership of the School will not be responsive to anonymous communications because it is an unbiblical process for resolving conflict or sharing criticism.

The board uses their regional, national, or global sphere of influence to leverage partnerships and friendships for the School.

The board advocates for the whole of the School, rather than only a special interest of personal concern, and speaking with one voice as a Board of Directors.

The board carries the responsibility to develop and help maintain healthy relationships with key constituencies.

### ***Institutional Finances: Management & Audits***

As a guardian of a school's mission, a board must manage financial resources efficiently and effectively. This is necessary to maintain the confidence of donors. Part of this is maintaining economic stability. This includes audits and controls to see that money is handled properly (e.g. according to sound budgeting procedures), fundraising from a large number of sources (e.g. so that there is not an unreasonable danger if a small number of sources of income were to disappear), maintaining substantial equity in property and investments, and keeping debt at a conservative level.

### ***Finances: Giving***

All members are to be a donor of record each year.

At meetings, announce the number of donors and total board giving.

## ***Finances: Fundraising***

The board should engage all trustees in the "advancement" functions of the institution. In addition to requiring all trustees to be donors of record each year, the board should volunteer the kinds of help in fund raising which they would enjoy and do well. Some trustees should be asked to help "link" with denominational leaders, community leaders, alumni groups, etc. A board should support the School as a donor and volunteer.

## ***Officer Job Descriptions***

1. Chairman of the Board of Directors: Represents the board, directs business of the board, serves as chair of the board and Executive Committee, presides at board meetings, and directs the business of the board of directors.
2. Associate Chair: Supports the board chair and helps execute board business. Assumes duties of the chairman in cases where the chairman requests (perhaps due to absence or health concerns), the chairman is deceased, or a two-thirds majority of the Board of Directors votes that the associate chair should assume the chairmanship.
3. Secretary: Takes minutes of board meetings and presents for approval the minutes of the previous meeting. (Minutes of a previous meeting are normally mailed to members so that time to review minutes is not necessary during an upcoming meeting.)
4. Director of Communications: Manages communication with board members and major constituents.
5. Auditors: Two auditors inspect all financial affairs of the board and school. This includes reviewing the execution of the budget, accounts, property management, and preparing a report to the board.

## ***Committee Job Descriptions***

1. **Board Development Committee:** This committee provides continuous oversight of the bylaws, develops a roster of potential board members based on the board profile, nominates new directors, orients and trains board members, evaluates the governance process and the contributions of individual directors, and otherwise helps the board improve in governance. The Associate Chair of the Board of Directors will chair and select this committee of two to four additional members plus the President.
2. **Executive Committee:** This committee arranges for the execution of orders and resolutions not otherwise specifically provided for by the Board of Directors. Between meetings of the board, and, in accordance with the general policy of the board, it will have the care and direction of matters pertaining to the welfare of the School, and especially will discharge such duties as the board may assign to it from time to time. The members of this committee will include the Chairman, Associate Chair, Director of Communications, and Secretary.
3. **Academic Committee:** This committee evaluates the system of instruction, educational effectiveness, management, and all other matters pertaining to the educational objectives of the School and makes policy recommendations to the board. The committee will recommend to the board policy regarding tenure and faculty rank. It will be actively involved in the tenure evaluation of individual faculty members—receiving the President’s tenure nominations and taking to the board recommended tenure action.
4. **Finance Committee:** This committee reviews financial and campus operational issues of the School. The committee will recommend policies to the board regarding financial operation. This committee will also recommend to the board policy regarding fund raising. It will recommend to the board any new major fund raising initiatives.
5. **Audit Committee:** This committee discusses and assesses the School’s financial statements and other relevant information, systems of internal controls regarding finance, accounting, legal compliance, and ethics. The Committee will hire an external auditor to conduct an annual audit of the School finances. This committee also assesses auditing and financial reporting processes.

## **IV. Administration**

### ***Differences Between Governance and Administration***

The most misunderstood and abused principle of governance is the requirement for group action. The chief executive and staff cannot serve two (or 22) masters. The full board sets policy, not individual board members who feel strongly about something and voice their opinions to the chief executive (Andringa and Engstrom 1997:5).

Andringa, Robert C. and Ted W. Engstrom  
*Nonprofit Board Answer Book*. Washington DC: National Center for Nonprofit Boards, 1997.

Administrators should not usurp governance duties, nor should board members usurp administrative duties. The board sets a policy and the administration implements that policy. Reports from the administration show how a policy is being carried out. The administrators are not to revise or ignore that policy. The board is not to interfere with daily operations.

### ***Presidential Roles and Authority***

While the board's job is generally confined to establishing the broadest policies, implementation and subsidiary policy development is delegated to the President.

All board authority delegated to staff is delegated through the President, so that all authority and accountability of staff -- as far as the board is concerned -- is considered to be the authority and accountability of the President.

Board policies direct the President to achieve certain results; the President Parameters/Limitations policies constrain the President to act within acceptable boundaries of prudence and ethics. Beyond the written board policies and executive means, the President is authorized to establish all further policies, make all decisions, take all actions and develop all activities as long as they are consonant with any reasonable interpretation of the board's policies.

### ***Board Performance Review of President***

The board will conduct an annual evaluation of the President and are responsible to assure presidential performance against the board's written priorities and within Executive Parameters.

The board should compare salaries of administrators and faculty to national averages for comparable schools (e.g. materials published by our accrediting agency).

As the board's single official link to the operating organization, the President's performance will be considered to be synonymous with organizational performance as a total. Consequently, the President's job contributions can be stated as performance in two areas: (1) organizational

accomplishment of the provisions of written board policies, and (2) organizational operations within the boundaries of prudence and ethics established in board policies on Executive Parameters/Limitations.

In school: within mission, financially stable and operating under budgeting-accounting-investing policies, enrollment stability (and hopefully growth), operating smoothly through appropriate staff in charge of each area (e.g. academics and accreditation).

The committee will have an “evaluation conversation” with the President and will also meet together without the President. In addition, the committee may choose to talk informally or formally with other School employees, students, constituents, and/or resource persons, and may at times use other mechanisms to gather information which will give them a full picture of the President’s work and leadership of the School. The committee will make a formal report to the full board during the fall meeting in Executive Session of the Board. The board will take action on the committee’s report. With appropriate consultation, the chair of the board will set the President’s compensation for the coming year.

### ***Faculty Role in Shared Governance***

The faculty may share specific delegated authority in matters of curriculum and degree requirements, under the ultimate accountability of the President to the board.

## **V. Policies**

### ***Meeting Patterns***

A regular meeting is summoned two times a year (March and September). All members should make attendance at the board meetings a high priority in their calendar. A chairman or majority of members should be able to have power to call special meetings.

The schedule for board meetings should be set two years in advance. The board will meet at least two times each year for a full day (including committee meetings).

### ***Conflict Of Interest Policy***

#### ***Conflict of Interest Policy***

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. 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. Governing board obtains signed statements from each board member annually and followed. By signing the policy members agree to disclose potential and actual conflicts and act in accordance with the policy.

#### ***Definition***

(a) Interested Person.

Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest.

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

- (1) An ownership or investment interest in any entity with which the corporation has a transaction or arrangement,

- (2) A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or
- (3) 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 not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### ***Conflict of Interest Avoidance Procedures***

#### (a) 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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### (b) 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 governing 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.

#### (c) Procedures for Addressing the Conflict of Interest.

An interested person may make a presentation at the governing board or committee 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.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the corporation 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.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing 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, 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.

(d) Violations of the Conflicts of Interest Policy.

If the governing board or committee 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.

If, after hearing the member's response and after making a further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### ***Budget Policy and Procedures***

The annual budgeting process begins in the second week of January when the Director of Finance sends the Preliminary Budget Request Worksheets to all administrators who are authorized to manage California Trinity School of Business funds.

After Preliminary Budget Request Worksheets are due, the budget committee (President, Chief Operating Officer and Director of Finance) will have about two weeks to develop our preliminary budget. The preliminary budget will include proposed allotments to each department requesting funds.

To develop the preliminary budget, these administrators will review prospective enrollment, revenue, key needs, major expenses and the total amount of funds requested through Preliminary Budget Request Worksheets. The total of funds for all departments cannot exceed 85% of the anticipated income from tuition, donations and other sources.

By February 15th, the Director of Finance will send a Preliminary Budget Response Memo to each department that requested funds.

During mid-February, the budget committee will complete their final proposal for the upcoming year's budget. This budget will be submitted to the President (if the President delegated his or her authority and participation in this process) by the end of February. Unless the President requests further work on the budget, it will be submitted to the executive committee of the Board of Directors by March 1<sup>st</sup>. The Board will vote on this proposed budget at their stated meeting.

### ***Safeguarding Finances***

With respect to the actual ongoing condition of the School's financial health, the president may not cause or allow the development of fiscal jeopardy or loss of allocation integrity.

Accordingly, the President will properly manage the financial issues of the School, with board approval required only for any of the following:

- a) Making any purchase or commit the School to any expenditure of greater than \$100,000.
- b) Making any purchase of over \$100,000 without sealed bids or a written record of competitive prices demonstrating prudent acquisition of quality goods, or any purchase wherein normally prudent protection has not been given against conflict of interest.
- c) Borrowing money.
- d) Investing the endowment funds as instructed by the Board.
- e) Failing to meet the covenant demands included in bond or loan agreements.

### ***Investment Policy***

1. The Board of Directors will maintain responsibility for all investment matters of the corporation. It shall form a Finance Committee consisting of three or more members of the board who will be duly nominated and elected to such positions.
2. The board shall nominate and elect committee members that have significant knowledge and experience with regard to investing. The Finance Committee will propose and/or maintain policies and procedures that the full board will periodically review and revise including investment policies for the corporation. Such policies and procedures must protect the interests of the corporation in the fulfillment of its non-profit and tax-exempt mission, purposes and objectives. These policies and procedures are also to be in accord with biblical principles.
3. Daily supervision of transactional and administrative paperwork pertaining to investments may be delegated either to a business manager or to the Finance Committee.
4. Investment policies shall be conservative, prioritizing safekeeping of principal. Aggressive growth funds that present higher risk shall be avoided. Normal growth funds may be suitable, in some cases, and any funds designed for growth shall be well diversified. The investment policies shall specify that a certain percentage of various accounts must be kept in bonds, CDs or other conservative investments. Three to six months of reserve capital shall be kept in a liquid account that is FDIC insured. No more than \$100,000 shall be kept in any one bank account so as to remain below the limit of FDIC insurance.
5. Our specific policies for diversification of endowed funds are as follows:

The target balance of endowed funds is to be 60% equity at cost basis and 40% in

fixed income and money market funds. No more than 5% of endowed funds will be invested in a single stock. Of the equity portion of funds, the equity manager will weigh the holdings to large cap and global equities. Of the fixed income portion of funds, bonds will be either corporate or government bonds rated B or better.

6. Our policies for ethical implications of investments are as follows:

Companies whose primary products are pornography, alcoholic, tobacco or gambling are not to be used in the portfolio.

7. Our policies for careful safeguarding of funds are as follows:

An independent, third party will hold endowed assets of financial instruments and submit monthly statements of accounts.

8. As a measure to prevent mistakes, fraud, embezzlement and conflicts of interest, two types of audits will be conducted. A qualified individual will conduct an outside, opinioned audit. Since the corporation's independent auditor will not review all financial transactions, the board will conduct a regular review of the expenses of high-level administrators.

## **VI. Board Development**

### ***Procedure and Agenda for Board Orientation***

The new member is not permitted to vote in board meetings until orientation is completed. The first step is to give the current copy of this manual to the new member. Once the new member has completed the reading of the Board Manual, he or she is to inform the chairman of the board. The chairman will then discuss the five-year vision and highlights of the five-year plan. The chairman will also give the new member a copy of the five-year strategic plan. The next step is for the President to discuss the current state of the school. This will include highlights from the last annual institutional research report. The President will also give the new member a copy of the institutional research report. At this point, the new member is qualified to vote.

A board member should intentionally get to know the schools':

- Leading Administrators
- Mission, Visions, and Objectives
- History
- Programs
- Resources
- Programs for Developing Funds

## ***Ongoing Development***

For a segment of the board meeting, the board may bring in an outside evaluator to monitor the meeting and help suggest better functioning.

To become effective, a board must be involved in equipping its members. Individual members are equally responsible to utilize opportunities to equip themselves.

Alumni are an important source of institutional information and history, as well as donations. Therefore, it is not uncommon for the President of the alumni association to be either a non-voting or voting member of the board. In our school, regular input or reports from and to the alumni association shall be important for mutual understanding.

## Appendix I

### Board Member Self-Evaluation

This self-evaluation should be done by the board members annually. This evaluation will be used for the betterment of the member’s administration and communication purpose only. Please mark the appropriate place to each question.

Poor	Fair	Average	Good	Excellent
1	2	3	4	5

No	Question	1	2	3	4	5
1	I understand my role and responsibilities as a board member.					
2	I am familiar with the School’s mission and with the Board’s priorities in support of the mission.					
3	I am willing to listen to the other viewpoints expressed by my fellow board members and support the majority decisions of the board.					
4	I prepare adequately for each board meeting and participate actively in all board meetings.					
5	I keep pace with new developments in board of directors and improve in my activity by attending various workshops.					
6	I actively support the chairman and the president’s vision and plans.					
7	I call on my chairman and president when I have questions about board policy or operation.					
8	I am aware of the contributions and concerns of the faculty, staff and student body.					
9	I participate in the School’s fund-raising projects and in all capital growth campaigns.					
10	I am familiar with School’s uniqueness and strengths, and can articulate its contribution to the community.					
11	I receive the kind of information I need to monitor School’s health and formulate sound policies.					
12	Overall rating: <input type="checkbox"/> Excellent (45+) <input type="checkbox"/> Good (35-44) <input type="checkbox"/> Average (25-34) <input type="checkbox"/> Fair (20-33) <input type="checkbox"/> Poor (11-19)					

## Appendix II

### President Evaluation

This evaluation should be done by the board members annually. This evaluation will be used for the betterment of the presidential administration and communication purpose only. Please mark the appropriate place to each question.

Poor	Fair	Average	Good	Excellent
1	2	3	4	5

No	Question	1	2	3	4	5
1	Communicates a vision for the School effectively.					
2	Communicates with members in a responsive manner.					
3	Effectively appoints and manages the administrative cabinet.					
4	Is taking the right action to manage enrollments.					
5	Actively promotes scholarly development and excellence.					
6	Is an effective fundraiser.					
7	Practices leadership that Instills enthusiasm and increases morale.					
8	Represents the School well to the community beyond the campus.					
9	Executes school's annual plans sincerely.					
10	Does not exceed his authority nor ask the board to make decisions that he should make on his own.					
11	Overall, performs his role in an excellent manner.					
12	Overall rating: <input type="checkbox"/> Excellent (45+) <input type="checkbox"/> Good (35-44) <input type="checkbox"/> Average (25-34) <input type="checkbox"/> Fair (20-33) <input type="checkbox"/> Poor (11-19)					

## **Appendix III**

### **AFFIDAVIT RE: CONFLICT OF INTEREST POLICY**

As a member of the Board of Directors of California Trinity School of Business, I have read and understood the Conflict of Interest Policy in the Board Handbook which provides as follows:

#### ***Conflict Of Interest Policy***

##### ***Conflict of Interest Policy***

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. 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. Governing board obtains signed statements from each board member annually and followed. By signing the policy members agree to disclose potential and actual conflicts and act in accordance with the policy.

##### ***Definition***

###### **(a) Interested Person.**

Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.

###### **(b) Financial Interest.**

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

- (1) An ownership or investment interest in any entity with which the corporation has a transaction or arrangement,
- (2) A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or
- (3) 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 not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### ***Conflict of Interest Avoidance Procedures***

#### **(a) 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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### **(b) 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 governing 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.

#### **(c) Procedures for Addressing the Conflict of Interest.**

An interested person may make a presentation at the governing board or committee 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.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the corporation 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.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing 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, 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.

#### **(d) Violations of the Conflicts of Interest Policy.**

If the governing board or committee 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.

If, after hearing the member's response and after making a further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

I hereby agree to and will comply with policies, procedures, and other guidelines set forth in the Conflict of Interest Policy stated herein above, without reservation.

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

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

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