

FROMM BROS. HISTORICAL PRESERVATION SOCIETY, INC (FBHPS)

CONFLICT OF INTEREST POLICY  
And  
ANNUAL STATEMENT

FOR DIRECTORS, OFFICERS, AND MEMBERS OF A COMMITTEE WITH BOARD  
DELEGATING POWERS

**Article I**

**Purpose**

The purpose of the conflict of interest policy is to protect the interest of Fromm Bros. Historical Preservation Society Inc. (FBHPS) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of FBHPS 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 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 FBHPS has a transaction or arrangement,
- b. A compensation arrangement with FBHPS or with any entity or individual with which FBHPS has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which FBHPS 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 decides that a conflict of interest exists.

**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 directors 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 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 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. The chair of the board 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 shall determine whether FBHPS 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.
- d. 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 FBHPS's best interest, for its own benefit, and whether it is fair and reasonable. The board shall make its decision as to whether to enter into the transaction or arrangement.

## **4. Violations of the Conflicts of Interest 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**

- a. A member of the board who receives compensation, directly or indirectly, from FBHPS for services is precluded from voting on matters pertaining to that member's compensation.
- b. No member of the board who receives compensation, directly or indirectly, from FBHPS, either individually or collectively, is prohibited from providing information to the board or any committee regarding compensation.

## **Article VI**

### **Annual Statements**

Each director and officer shall annually sign a statement which affirms 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 the policy, and
- d. Understands FBHPS 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**

### **Periodic Reviews**

To ensure FBHPS operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted of: (1) any compensation arrangements; and (2) any transactions with any vendor or service provider who receives \$10,000 or more in payment from FBHPS in a fiscal year. The periodic reviews shall consider whether fair value was received for the payments made and whether any board member or officer had any financial interest in the vendor or service provider.

## **Article VIII**

### **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, FBHPS may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.

DIRECTOR AND OFFICER ANNUAL CONFLICT OF INTEREST STATEMENT

1. Name: \_\_\_\_\_ Date: \_\_\_\_\_

2. Position: \_\_\_\_\_

Are you a voting Director? Yes\_\_ No\_\_

Are you an Officer? Yes\_\_ No\_\_

If you are an officer, which officer position do you hold: \_\_\_\_\_

3. I affirm the following:

I have received a copy of the FBHPS Conflict of Interest Policy. \_\_\_\_\_ (initial)

I have read and understand the policy. \_\_\_\_\_ (initial)

I agree to comply with the policy. \_\_\_\_\_ (initial)

I understand that FBHPS is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax-exempt purposes. \_\_\_\_\_ (initial)

4. Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with FBHPS? Yes\_\_ No\_\_

If yes, please describe it: \_\_\_\_\_

If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes\_\_ No\_\_

b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with FBHPS? Yes\_\_ No\_\_

If yes, please describe it, including when (approximately): \_\_\_\_\_

If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes\_\_ No\_\_

5. Are you an independent director, as defined in the Conflict of Interest policy? Yes\_\_ No\_\_

If you are not independent, why? \_\_\_\_\_

\_\_\_\_\_  
Signature of director

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

Date of Review by Executive Committee: \_\_\_\_\_