****

**POLICIES AND PROCEDURES**

 **Policy No. 12**

**­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­Conflict of Interest Policy and Confidentiality Agreement**

**Article I**

**Purpose**

The purpose of the conflict of interest policy is to protect The National Association of Certified Quilt Judges, Inc.(herein after referred to as the Association) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the association 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, principal officer, or member of a committee with governing board-

 delegated powers, 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:

1. An ownership or investment interest in any entity with which the Association has a transaction or arrangement,
2. A compensation arrangement with the Association or with any entity or individual with which the Association 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 Association 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 appropriate governing board or committee 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 and members of

 committees with governing 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 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.

3. Procedures for Addressing the Conflict of Interest

1. 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.
2. 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.
3. After exercising due diligence, the governing board or committee shall determine whether the Association 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.
4. If a more advantageous transaction or arrangement is not reasonably possible under these circumstances and 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 Association’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.

4. Violations of the Conflicts of Interest Policy

1. 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.

1. If, after hearing the member’s response and after making 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.

**Article IV**

**Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

1. The name 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 governing boards 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 with the proceedings.

**Article V**

**Compensation**

1. A voting member of the governing board who receives compensation, directly or

 indirectly from the Association 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

 Association for services is precluded from voting on matters pertaining to that

 member’s compensation.

3. No voting member of the governing board or any committee whose jurisdiction

 includes compensation matters and who received compensation, directly or

 indirectly, from the Association, either individually or collectively, is prohibited

 from providing information to any committee regarding compensation.

**Article VI**

**Annual Statements**

Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement which affirms 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 the Association is charitable, and in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**Article VII**

**Periodic Reviews**

To ensure the Association 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. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm’s length bargaining
2. Whether partnerships, joint ventures, and arrangements with management organizations confirm to the Association’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in private inurement, impermissible private benefit or in an excess benefit transaction.

**Article VIII**

**Use of Outside Experts**

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

**Article IX**

**Confidentiality**

1. All Board members, committee members, employees, and contractors of the

 Association agree to abide by all published Policies and Procedures of the

 Association and are responsible for setting a standard and a tone for behavior

 that is in the best interest of the Association.

2. All members and contractors will respect and maintain the confidentiality of the

 Association with regard to the financial affairs of the Association. Confidentiality

 requires that all fiduciary matters, including methodologies and numbers, remain

 the sole property of the Association.

3. All Board members, committee members, employees, and contractors will

 protect the confidentiality of the personal information of other Board members,

 committee members, Association members, employees and management

 professionals.



Conflict of Interest Policy and Confidentiality Agreement

Annual Documentation

2015-2016

As per IRS guidelines and best practice guidelines for nonprofit organizations, the Board of Directors are directed to annually receive a copy of the Conflict of Interest Policy, Confidentiality Agreement, and Association Bylaws.

Contractors hired by the Association will receive a copy of the Conflict of Interest Policy and Confidentiality Agreement.

The undersigned, by affixing their signatures, do hereby acknowledge receipt of and adherence to the Conflict of Interest Policy and Confidentiality Agreement as stated in the Policies and Procedures of the Association, as well as receipt of a current copy of the Association Bylaws where appropriate.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title

□ Officer

□ Board Director

□ Chairperson

□ Committee Member

□ Independent Contractor

***This signature page will remain on file in the office of National Association of Certified Quilt Judges Inc. for a period of one year. Signature pages must be renewed annually at the September teleconference call meeting of the Board of Directors.***