

EAST CASCADES AUDUBON SOCIETY POLICY
CONCERNING CONFLICTS OF INTEREST

BE IT RESOLVED, that the East Cascades Audubon Society Board of Directors approve the following policy regarding conflicts of interest:

EAST CASCADES AUDUBON SOCIETY CONFLICT OF INTEREST POLICY

Scope of Policy. This policy applies to all officers, directors, and employees of the East Cascades Audubon Society (ECAS) It also applies to a volunteer who has the authority to make financial decisions on behalf of ECAS are potentially at odds with the best interests of ECAS. All these individuals are referred to as "Key Persons" in this policy.

Areas in Which a Conflict of Interest May Arise

A conflict of interest arises whenever the personal or professional interests of a Key Person are potentially at odds with the best interests of ECAS. This occurs whenever a Key Person, or a family member of the Key Person:

- a. Has a financial interest or potential financial interest, whether direct or indirect, in any entity or individual involved in a transaction or arrangement with ECAS;
- b. Has a compensation arrangement with any entity or individual with which ECAS has a transaction or arrangement;
- c. Is a Director, Officer, trustee, or employee of a profit or nonprofit entity involved in a transaction or arrangement; or
- d. Receives compensation for services to ECAS. However, a conflict does not arise when a Key Person is reimbursed, under an accountable plan, for reasonable expenses incurred in connection with their service for ECAS.

Conflicts may also arise in other situations.

Procedures

Any Key Person with knowledge of an actual or potential conflict of interest on the part of that Key Person or any other Key Person must inform the Board of the conflict. The Board will obtain disclosure of the interest and all material facts. The Board will then decide, at a board meeting noticed and held in accordance with ECAS bylaws, whether a conflict of interest exists. The decision shall be made by vote of a majority of the Board members who are present (excluding the Key Person). The Key Person shall neither participate or be present during the discussion of the potential conflict (unless the Board requests information) or during the related vote.

If the Board determines that a conflict exists, the Board will follow these procedures to address the conflict of interest:

- a. The interested person may make a presentation to the Board but after the presentation shall not be present during the Board's discussion of the transaction or arrangement involving the conflict of interest.
- b. The Board will investigate alternatives to the proposed transaction or arrangement, such as a competitive bid, comparable valuation, or other information establishing the fair price of the goods or services involved.
- c. After exercising due diligence, the Board will vote, in accordance with ECAS bylaws, on whether the transaction or arrangement is fair to ECAS or whether further evaluation or information is needed for the board to make that determination.

The Board minutes of any meeting at which a conflict of interest was addressed will include, at a minimum:

- Names of the Key Persons who had an actual or potential conflict of interest,
- The nature of the actual or potential conflict of interest,
- A summary of the discussion to determine whether a conflict was present,
- A record of the vote as to whether a conflict was present, and
- If a conflict was determined to exist, the reasons why the arrangement was decided to be in the best interests of ECAS and a record of any votes taken.

Annual Review of Conflict of Interest Policy

Each Key Person must annually review this policy, complete the attached disclosure form, and form, and acknowledge by her or his signature that she or he has read and is acting in accordance with this policy. The annual review should be completed in January, or in the case of a new Key Person, within 60 days of becoming a Key Person.

Adopted by the East Cascades Audubon Society Board of Directors:

August 18, 2010
Date

/s Mary Oppenheimer
Secretary

ANNUAL DISCLOSURE STATEMENT

1. Name _____

2. Relationships with Outside Organizations:

Are you now, or have you been, a director, trustee, officer, committee member, or key staff member of any entity that currently has or has, during the past 12 months, had a relationship with ECAS, COAS, or ECBC as a vendor, licensee, donor, consultant, or granting agency?

No _____ Yes _____

If yes, please list the entity and describe your position in the entity and its relationship with ECAS, COAS, or ECBC.

Do you now or have you had, during the past 12 months, more than a 5% ownership interest (in total for you and all members of your family) in any entity that has or has, during the past 12 months, had any of a relationship with ECAS, COAS, or ECBC as a vendor, licensee, donor, consultant, or granting agency?

No _____ Yes _____

If yes, please list the entity and describe your position in the entity and its relationship with ECAS, COAS, or ECBC.

3. Certification and Changed Circumstances

I certify that I have read and agree to be bound by the attached East Cascades Audubon Society Conflict of Interest Policy. I agree that I will promptly notice of the President of the East Cascades Audubon Society Board if any facts or circumstances arise that would cause any conflicts of interest or potential conflicts of interest between me and my family members and the East Cascades Audubon Society that are not listed here.

Signature

Type or Print Name

Date

BACKGROUND INFORMATION ON CONFLICTS OF INTEREST

What is a conflict of interest?

A conflict of interest exists whenever the personal or professional interests of an officer, director, or employee of an organization are potentially at odds with the best interest of the organization.

What are some examples of a conflict of interest?

1. A director owns all or part of an organization dealing with ECAS.
2. An organization or individual dealing with ECAS owes money to an ECAS director.
3. A director is an officer, director, or employee (current or former) of an organization dealing with ECAS.
4. A director is paid for services provided to ECAS.
5. A director uses ECAS's time, personnel (including volunteers), equipment, supplies, or name for other than ECAS-approved activities, programs, and purposes.
6. A director receives personal gifts or loans from an organization or individual dealing with ECAS.
7. An officer, employee, or volunteer who can make financial decisions on behalf of ECAS engages in any of the activities listed.

What types of organization might be involved in a conflict of interest situation?

1. Individuals, businesses, and non-profits supplying goods and services to ECAS.
2. Individuals, businesses, and non-profits from whom ECAS leases property or equipment.
3. Individuals, businesses, and non-profits with whom ECAS deals in connection with the gift, purchase or sale of real estate, securities, or other organizations.
4. Competing organizations, or those with similar interests to ECAS.
5. Donors and others who support ECAS.
6. Agencies, organizations, and associations that affect the operations of ECAS.
7. Family members of Key Persons. For purposes of this policy, family is defined as the spouse, domestic partner, and children, and any family members living in the Key Person's household.

Must all conflicts of interest be disclosed?

Yes.... That is, they need to be disclosed if you want to avoid issues with the IRS, the state government, the press, and the public.

Must all conflicts of interest be avoided?

No. A tax-exempt organization may undertake a transaction that involves a conflict of interest, but only if it determines that the transaction is in the best interest of the organization. It's important to have procedures that tell how that decision is made

Why do we have to worry about conflicts of interest anyway?

We are a tax-exempt organization because we promised to engage in activities that Congress and the Oregon legislature consider to be of special merit to society. We are therefore stewards of ECAS' s funds and have a fiduciary obligation to use them for public benefit, rather than for the benefit of ECAS officers, directors, or employees.

These policies are enforced by the IRS and by Oregon regulatory and tax officials, who view the operations of the organization as a public trust. They scrutinize how funds are used and whether directors, officers, and employees benefit inappropriately from their positions. Donors and grantors also have a strong interest in whether directors, officers, and employees act in accordance with their fiduciary duties to the organization.

Why do we need a specific policy and disclosure requirement?

The Form 990s (and 990EZs) that section 501(c)(3) organizations must file request information that bears upon conflicts. Specifically, they must indicate whether they have a conflict of interest policy and a disclosure requirement. This information is available for public inspection, and it is scrutinized by grantors and some donors.

A conflict of interest policy and disclosure requirement therefore serve two purposes:

1. They alert us as directors and officers to situations where we must be especially scrupulous in our decision-making; and
2. They show regulatory bodies, donors, and grantors that we are a well-run organization that takes its fiduciary duty seriously.

