
	<p><b>1.1.1</b></p>	<p><b>CONFLICT OF INTEREST BOARD</b></p>	<p>Effective: 04/89  Revised: 02/15, 02/17; 03/21  Reviewed/Approved by Bd. of Dir.: 02/25</p>  <p>Teddi Hernandez, President/CEO</p>
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**Policy Statement:**

It is the intent of Lakemary Center, Inc. (LMC) to abide by any applicable federal, state, and local laws and ordinances governing conflicts of interest applicable to nonprofit and charitable organizations.

**Policy:**

The purpose of the Conflict-of-Interest Policy for the Board of Directors and officers of LMC (hereinafter “Policy”) is to protect LMC’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of LMC.

**DEFINITIONS:**

**Interested Person** – any member of the LMC Board of Directors (hereinafter “Board”) or officer of LMC who has a direct or indirect Financial Interest, as defined below, is an Interested Person. If a person is an Interested Person with respect to LMC or any entity related to LMC, he or she is an Interested Person with respect to LMC and all related entities.

**Conflict of Interest** – a Conflict of Interest results when the direct or indirect personal, professional, or financial interests, as defined below, of an Interested Person conflict with those of the organization for which that individual works or represents. A Conflict of Interest also exists when the interests of an Interested Person, their business or family, may influence or appear to influence the actions or decisions of that Interested Person contrary to the best interests of the organization.

**Financial Interest** – an Interested Person has a Financial Interest if the Interested Person has, directly or indirectly through business, investment, or family:

1. an ownership or investment interest in any entity with which LMC has a transaction or arrangement, or
2. a compensation arrangement with LMC or with any entity or individual with which LMC has a transaction or arrangement, or
3. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which LMC is negotiating a transaction or arrangement, or
4. an ownership or investment interest in any entity which competes or intends to compete with LMC.

Any Financial Interest shall be considered a Conflict of Interest under this Policy.

**Compensation** – direct and indirect remuneration as well as gifts or favors that are substantial in nature.

**DUTY TO DISCLOSE:**

Interested Persons shall immediately disclose to the Board the existence of or the potential existence of a Conflict of Interest. Interested Persons should err on the side of prudence and disclose any actual or potential Conflict of Interest if in doubt as to whether such a conflict exists.

In this regard, all Interested Persons shall be required to file with LMC a disclosure statement prior to such individual commencing his or her service with LMC. Interested Persons shall file with LMC an updated disclosure statement as may be required from time to time by the Board, and in no event less often than annually.

**PROCEDURES WHEN A POTENTIAL CONFLICT OF INTEREST OR A CONFLICT OF INTEREST IS DISCLOSED:**

Whenever an Interested Person has disclosed a potential Conflict of Interest, the Board Chair will review. Then the Board or a designated committee shall review the disclosure at its next meeting or at a special meeting, if necessary. The Interested Person may attend the meeting to present relevant facts about the disclosure. After disclosure of the Conflict of Interest and all material facts, and after any discussion with the Interested Person, he or she shall leave the 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 and shall inform the Interested Person of its findings.

If the Board has determined that a Conflict of Interest exists and if deemed necessary, the chairperson of the Board or committee shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board or committee shall determine whether LMC can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a Conflict of Interest, the Board or committee shall determine by a majority vote of the disinterested Board members whether the transaction or arrangement is in LMC's best interest and for its own benefit. The vote shall also determine whether the transaction is fair and reasonable to LMC and shall make its decision as to whether to enter the transaction or arrangement in conformity with such determination.

If the Conflict of Interest exists in a consummated transaction or arrangement, the Board or committee shall consider the magnitude of the Conflict of Interest, the cost and likely outcome of potential litigation, possible effects on tax exemption status, and other tax or legal ramifications. The Board or committee shall then investigate appropriate steps to mitigate or eliminate the Conflict of Interest, including without limitation, appropriately restructuring, or terminating the transaction or arrangement.

## **Violations of the Conflict-of-Interest Policy**

If the Board or committee has reasonable cause to believe that a member of the Board or an officer has failed to disclose actual or possible Conflicts of Interest, it shall inform the Board member or officer of the basis for such belief and afford the Board member or officer an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the Board member or officer and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the Board member or officer has in fact failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action which could include but not limited to removal of interested person from the Board of Directors.

## **RECORDS OF PROCEEDINGS**

The minutes of the Board meetings and all committee meetings regarding Conflicts of Interest shall contain:

1. the names of the Interested Persons who disclosed or otherwise were found to have an actual or possible Conflict of Interest, the nature of the Conflict of Interest, any action taken to determine whether a Conflict of Interest was present, and the Board's or committee's decision as to whether a Conflict of Interest in fact existed.
2. the names of the Interested 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 therewith.

## **ANNUAL STATEMENTS**

Each Board member or officer shall annually sign a statement which affirms that such person:

1. has received a copy of the Policy,
2. has read and understands the Policy,
3. has agreed to comply with the Policy, and
4. understands that LMC is a charitable organization and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Policy reference:** None

**Procedure reference:** Conflict of Interest Disclosure Form

**Application:** All