



## **CobscCook Institute's Conflict of Interest Policy**

### **Article I: Purpose**

The purpose of this Conflict of Interest Policy is to protect the interests of the CobscCook Institute (hereinafter the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee of the Corporation or might result in a possible excess benefit transaction. This policy reflects the commitment of the Corporation to conduct its affairs in accordance with the highest standards of ethics and integrity. At the same time, the Corporation recognizes that it operates in a tight-knit community where certain conflicts of interest are inevitable, but should be properly managed. This policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to nonprofit charitable organizations.

### **Article II: Definitions**

#### **1. Interested Person**

Any director, officer, employee or committee member of the Corporation who has a direct or indirect Outside Interest, as defined below, is an Interested Person.

#### **2. Outside Interest**

A person has an Outside Interest if the person has, directly or indirectly, through business, investment, or through a Family Member:

- A. An actual or potential ownership interest in or a fiduciary relationship with (including, without limitation, serving as an officer, director or trustee) any entity with which the Corporation has a transaction or arrangement; or
- B. An actual or potential compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement

An Outside Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has an Outside Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

#### **3. Compensation**

This includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

#### **4. A Family Member**

Is defined as a spouse, registered domestic partner, parent, child, or spouse or registered domestic partner of a child, brother, or sister.

## **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 Outside Interest and be given the opportunity to disclose all material facts to the directors and committee members considering the proposed transaction or arrangement.

### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the Outside Interest and all material facts, and after any discussion with the Interested Person, the disinterested board or committee members shall decide if a conflict of interest exists.

The determination that a conflict of interest exists shall not preclude the board or committee members from approving the transaction or arrangement, but such determination shall require the board or committee members to follow the procedures outlined in Article III, Section 3 hereinbelow.

### **3. Procedures for Addressing the Conflict of Interest**

- A. An Interested Person may make a presentation at the board or committee meeting, but after such 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 chairperson of the governing board or committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. In exceptional circumstances involving significant transactions or arrangements, the board may request that the transaction be approved by the Attorney General or by the Superior Court in an action in which the Attorney General is joined as a party, in accordance with 13-B Maine Revised Statutes Annotated section 718(3), as amended.
- C. After exercising due diligence, the 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.
- D. 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 or committee members whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and equitable to the Corporation. 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**

- A. If the board or committee has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

- B. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the board or committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
- C. Failure to identify a conflict of interest at the time a transaction or arrangement is entered into shall not automatically void the transaction or arrangement, and the board may follow the procedures of this Article III after the consummation of the transaction or arrangement.

#### **Article IV: Records of Proceedings**

The minutes of the board and all committees shall contain:

- A. The names of the persons who disclosed or otherwise were found to have an Outside Interest in connection with an actual or possible conflict of interest, the nature of the Outside 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; and
- 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 voting member of the board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- B. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- C. No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- D. The board shall ensure that any compensation paid to employees, and any compensation over \$50,000 per year paid to contractors, even if not Interested Persons, is "reasonable" for the purposes of Internal Revenue Code Section 4958 and accompanying regulations. Whenever possible, the board shall base its reasonableness determination on at least three comparable examples, taking into account the job description, the size and nature of the corporation, the experience of the applicant, any benefits, and the geographic location.

#### **Article VI: Inside Information**

- A. An Interested Person shall not use inside information of the Corporation for his/her personal benefit, or use such inside information or his/her position as an Interested

Person to the detriment of the Corporation. Inside information is information obtained through the Interested Person's position that has not become public information.

- B. An Interested Person shall keep information learned during the course of the Corporation's activities in confidence when the information concerns the administration and activities of the Corporation that are not generally available to the public.

### **Article VII: Annual Statements**

Each director, officer, employee and committee member shall annually sign a Disclosure Statement affirming that 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 the Corporation is charitable 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.

### **Article VII: Periodic Reviews**

To ensure the Corporation 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:

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

When conducting the periodic reviews, the Corporation 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.

### **CERTIFICATION**

I, the undersigned, do hereby certify that I have read and understand the above and foregoing Conflict of Interest Policy.

\_\_\_\_\_ (Signature)

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

\_\_\_\_\_ (Print Name)

**COBSCOOK INSTITUTE**  
**Conflict-of-Interest Disclosure Statement For Calendar Year 2024**

*To be completed by every Cobscook Institute Director, Officer, employee, and committee member.*

Please initial in the space at the end of Item A or complete Item B, whichever is appropriate, complete Item C, and sign and date the statement.

**A.** I am not aware of any relationship or interest or situation involving my family or myself which might result in, or give the appearance of being, a conflict of interest between such family members or me on one hand and Cobscook Institute on the other.

*Initial if true:* \_\_\_\_\_

**OR**

**B.** The following are relationships, interests or situations involving me or a member of my family which I consider might result in or appear to be an actual, apparent or potential conflict of interest between such family members or myself on one hand and Cobscook Institute on the other.

a. For-profit corporate directorships, positions and employment with:

\_\_\_\_\_

b. Nonprofit volunteer or paid positions:

\_\_\_\_\_

c. Memberships in the following organizations:

\_\_\_\_\_

d. Contracts, business activities and investments with or in the following organizations:

\_\_\_\_\_

e. Other relationships and activities:

\_\_\_\_\_

**C.** My primary business or occupation at this time is:

\_\_\_\_\_

I have read and understand Cobscook Institute 's Conflict-of-Interest Policy and agree to be bound by it. I will promptly inform the board chair or president of Cobscook Institute of any material change that develops in the information contained in the foregoing statement. I understand that Cobscook Institute 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.

\_\_\_\_\_ (Signature)

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

\_\_\_\_\_ (Print Name)