



ATLAS Fellows Conflict of Interest Policy

Purpose

The purpose of the conflict of interest policy is to protect the interest of ATLAS Fellows, Inc. (Corporation) when it is considering taking an action that might benefit the private interests of a director, officer, or employee of the Corporation. This policy, in alignment with the Corporation's By-Laws, is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable Corporations.

As a nonprofit, charitable organization, the Corporation is accountable to both government agencies and members of the public for responsible and proper use of its resources. Directors, officers, and employees have a duty to act in the Corporation's best interests and may not use their positions for their own financial benefit.

Conflicts of interest must be taken very seriously since they may jeopardize the Corporation's nonprofit status, damage the Corporation's reputation, or expose the Corporation and affiliated individuals to legal liability if not handled appropriately.

This policy applies to all directors, officers, and employees.

Identifying Conflicts of Interest

1. What is a conflict of interest

A potential conflict of interest arises when a director, officer, or employee, or that person's relative or business (a) stands to gain a financial benefit from an action the Corporation takes (including transactions into which the Corporation enters); or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the director, officer, or employee in discharging assigned duties to the Corporation.

2. What are some examples of potential conflicts of interest?

It is impossible to list all the possible circumstances that could present conflicts of interest. Potential conflicts of interest include situations in which a director, officer, or employee--or that person's relative or business:

- Has an ownership or investment interest in any third party that the Corporation deals with or is considering dealing with;
- Serves on the board of, participates in the management of, or is otherwise employed by or volunteers with any third party that the Corporation deals with or is considering dealing with;
- Receives or may receive compensation or other benefits in connection with a transaction into which the Corporation enters;
- Receives or may receive personal gifts or loans from third parties dealing with the Corporation;
- Serves on the board of directors of another nonprofit organization that is competing with the Corporation for a grant or contract; or



- Has a close personal or business relationship with a participant in a transaction being considered by the Corporation.

Procedures

1. **Duty to disclose:** Each director, officer, and employee must disclose to the best of their knowledge, all potential conflicts as soon as they become aware of them and always before any actions involving potential conflicts are taken.

Potential conflicts should be disclosed upon appointment or hiring and, if new potential conflicts arise, as soon as they are known. Potential conflicts must be disclosed to the directors and members of committees with board delegated powers considering any proposed action that may create a conflict.

2. **Identifying a conflict of interest:** A potential conflict is not necessarily a conflict of interest. And the existence of conflicts do not necessarily prohibit the board or committee from taking a considered action.

Following required disclosure of a potential conflict, the Board or appropriate committee will decide whether there is a conflict and how to handle any such conflict.

- a. After a potential conflict has been disclosed and any relevant information has been gathered from the concerned director, officer, or employee, the board or committee shall determine whether there is a conflict of interest. The director, officer, or employee shall not be present for deliberation or vote on the matter and must not attempt to improperly influence the determination of whether a conflict of interest exists.
 - b. In determining whether a conflict of interest exists, the board or committee shall consider whether the potential conflict of interest would cause a transaction entered into by the Corporation to raise questions of bias, inappropriate use of the Corporation's assets, or any other impropriety.
 - c. If a committee determines there is a conflict of interest, it shall refer the matter to the Board.
3. **Procedures for addressing a conflict of interest:**
 - a. When a matter involving a conflict of interest comes before the Board, the Board may seek information from the director, officer, or employee with the conflict prior to beginning deliberation and reaching a decision on the matter. However, a conflicted person shall not be present during the discussion or vote on the matter and must not attempt to improperly influence the deliberation or vote.
 - b. After exercising due diligence, the Board 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.
 - c. If a more advantageous transaction or arrangement isn't 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 the Corporation'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.

- d. The minutes of any board meeting at which a matter involving a conflict of interest or potential conflict of interest was discussed or voted upon shall include
 - i. The name of the interested party and the nature of the interest,
 - ii. The decision as to whether the interest presented a conflict of interest,
 - iii. Any alternatives to a proposed contract, transaction, or other action considered by the board, and,
 - iv. If the transaction was approved, the basis for the approval.
4. **Related party transactions:** Conflicts will almost always exist in the case of a related party transaction--a transaction, agreement or other arrangement in which a related party has a financial interest and in which the Corporation or any affiliate of the Corporation is a participant. Thus, the following definitions and procedures apply to related party transactions.

A related party is:

- a. A director, officer, or employee of the Corporation or any affiliate of the Corporation, or
- b. A relative of a director, officer, or employee, or
- c. An entity in which any individual described in (a) or (b) has an ownership or beneficial interest of 35% or more, or in the case of a partnership or professional Corporation, a direct or indirect ownership interest in excess of 5%.

A transaction is not a related party transaction if:

- a. The transaction, or the related party's financial interest in the transaction, is *de minimis*;
- b. The transaction would not customarily be reviewed by the board or the boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms;
- c. The transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that the Corporation intends to benefit as part of the accomplishment of its mission (and that benefit is available to all similarly situated members of the same class on the same terms).

The Corporation may not enter into a related party transaction unless, after good faith disclosure of the material facts by the director, officer, or employee, the Board or a committee authorized by the Board determines that the transaction is fair, reasonable and in the Corporation's best interest at the time of such determination.





If the related party has a substantial financial interest, the Board or authorized committee shall:

- a. Prior to entering into the transaction, consider alternative transactions to the extent available;
- b. approve the transaction by a vote of not less than a majority of the directors present at the meeting; and
- c. Contemporaneously document in writing the basis for its approval, including its consideration of any alternative transactions

5. Violations of the Conflict of Interest Policy

- a. 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.
- b. 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.

6. Compensation: No person shall be present for or participate in Board or committee discussion or vote pertaining to their own compensation, the compensation of the person's relative, or any other compensation decision from which the person stands to benefit.

7. Annual Statements: Each director, officer, and employee shall, upon appointment or hiring, sign a statement which affirms such person:

- a. Has received a copy of the conflict 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 in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Such statements shall be reviewed annually and certified by such individuals.

