WadsworthLibrary

CONFLICT OF INTEREST POLICY

Purpose

The purpose of this Conflict of Interest Policy (this "Policy") is to protect Wadsworth Library's ("Wadsworth Library") interest when it is contemplating entering into a transaction, agreement, or other arrangement that might benefit the private interest of an officer, trustee, or Key Employee (as such term is defined herein) of Wadsworth Library 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. The policy has been created in compliance with the Not-for-Profit Corporation (NPC) CHAPTER 35, ARTICLE 7, SECTION 715-A, Conflict of Interest Policy.

Definitions

1. Interested Person means any trustee, officer, or Key Employee who has a Financial Interest (as such term is defined below).
2. Financial Interest means, directly or indirectly, through business, investment, or family:
    a. An ownership or investment interest in any entity with which Wadsworth Library has a transaction or arrangement;
    b. A compensation arrangement with any entity or individual with which Wadsworth Library has a transaction or arrangement; or
    c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Wadsworth Library is negotiating a transaction or arrangement.
3. Key Employee means expressly includes the Executive Director and Treasurer.
4. Related Party means any:
    a. Trustee, officer or Key Employee of Wadsworth Library or any Affiliate of the Wadsworth Library,
    b. Relative of any trustee, officer or Key Employee of Wadsworth Library or any Affiliate of the Wadsworth Library, or
    c. Entity in which any individual described in (a) or (b) above has a thirty-five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).
5. Related Party Transaction means any transaction, agreement or any other arrangement in which a Related Party (as such term is defined herein) has a financial interest and in which Wadsworth Library or any Affiliate of Wadsworth is a participant.
6. Relative of an individual means his or her spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great-grandchildren, and domestic partner.
7. Affiliate of Wadsworth Library means any entity controlled by, in control of, or under common control with Wadsworth Library.

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 the "Procedures" section of this policy, a person who has a Financial Interest may have a conflict of interest only if Wadsworth Library's Board of Trustees (the "Board") or an authorized committee thereof decides that a conflict of interest exists.

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 Board and any authorized committee 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, they shall leave the Board or committee meeting while the determination of a conflict of interest is deliberated 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
    a. An Interested Person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the deliberation of, and the vote on, the transaction or arrangement involving the possible conflict of interest. The Interested Person shall not attempt to improperly influence the deliberation of or vote on the matter giving rise to the potential conflict of interest.
    b. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
    c. After exercising due diligence, the Board or committee shall determine whether Wadsworth Library 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 Board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in Wadsworth Library'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
    a. If the Board or committee has reasonable cause to believe a person has failed to disclose an actual or possible conflict 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.

Records and Proceedings

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

1. The names 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 Board's 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.

Compensation

1. No member of the Board may receive direct compensation from Wadsworth Library. A voting member of the Board who receives compensation from Wadsworth Library for services, indirectly, is precluded from voting on matters pertaining to that member's compensation. For purposes of this section, reimbursement of reasonable expenses incurred in performance of duties as a Trustee is not compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Wadsworth Library for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Wadsworth Library, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements

1. Annual Statements: Each Trustee, Officer, and Key Employee shall annually sign a statement (the "Annual Statement") which affirms such person:
    a. Has received a copy of the Policy,
    b. Has read and understands the Policy,
    c. Has agreed to comply with the Policy,
    d. Understands that Wadsworth Library is charitable and in order to maintain its tax-exempt status it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and
    e. Has set forth existing potential conflicts of interest.
2. Statement Required Prior to Initial Election of any Trustee
    a. Each potential trustee of Wadsworth Library shall be required to complete, sign, and submit the Annual Statement to the Secretary of Wadsworth prior to any initial election of such trustee to the Board.

Periodic Reviews

To ensure Wadsworth Library operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status or are otherwise unlawful,

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, or other arrangements conform to Wadsworth Library'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.

Use of Outside Experts

When conducting the periodic reviews as provided for in the "Periodic Reviews" section, Wadsworth Library may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Related Party Transactions

1. In General: Wadsworth Library shall not enter into a Related Party Transaction (as such term is defined in the "Definitions" section of this Policy) unless such transaction is determined by the Board to be fair, reasonable, and in Wadsworth Library's best interest at the time of such determination. Any trustee, officer, or Key Employee who has an interest in a Related Party Transaction shall disclose in good faith to the Board, or an authorized committee thereof, the material facts concerning such interest.
2. Procedure: Except as otherwise provided herein, the procedure for disclosing, addressing, and documenting a Related Party Transaction shall be in accordance with the procedures set forth within this policy, respectively.
3. Extraordinary Related Party Transactions: With respect to any Related Party Transaction in which a Related Party has a substantial Financial Interest, the Board, or an authorized committee thereof, shall:
    a. Prior to entering into the transaction, consider alternative transactions to the extent available;
    b. Approve the transaction by not less than a majority vote of the Board or committee members present at the meeting; and
    c. Contemporaneously document in writing the basis for the Board's or authorized committee's approval, including its consideration of any alternative transactions.

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Annual Confirmation Statements by Trustees, Officers, and Key Employees

1. I have received a copy of the Wadsworth Library's Conflict of Interest Policy (the Policy);
2. I have read and understand the Policy;
3. I agree to comply with the Policy;
4. To the best of my knowledge, below is a list of every entity in which I am an officer, trustee, member, owner or employee and with which Wadsworth Library has, or may have, a relationship:

   _____

   ☐ NONE

5. To the best of my knowledge, below is list of any transaction in which Wadsworth Library is a participant and in which I might have a conflicting interest:

   _____

   ☐ NONE

6. I understand Wadsworth Library 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 Print Name Date

THIS FORM MUST BE DIRECTED TO THE LIBRARY DIRECTOR

Responsibility for Upholding DIRECTOR and TRUSTEES
Adopted August 3, 2006 by Board of Trustees
Reviewed by Board of Trustees on April 14, 2018
Reviewed by the Board of Trustees on November 14, 2024