

FRIENDS OF MILL CREEK WATERSHED ASSOCIATION INCORPORATED

Conflict of Interest Policy

Article I – Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of the Friends of Mill Creek Watershed Association Incorporated (“FOMC”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, or key volunteer. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II – Definitions

1. Interested Person

Any director, officer, or member of a committee with Board-delegated powers who has a direct or indirect financial interest, as defined below, is an “Interested Person.”

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which FOMC has a transaction or arrangement;
- A compensation arrangement with FOMC or with any entity or individual with which FOMC has a transaction or arrangement; or
- A potential ownership, investment, or compensation interest in such an entity.

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

A financial interest is not necessarily a conflict of interest. Under Article III, a person who has a financial interest may have a conflict of interest only if the Board determines that a conflict exists.

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 financial interest and all material facts to the Board of Directors.

2. Determining Whether a Conflict Exists

After disclosure of the financial interest and all material facts, and after any discussion with the Interested Person, he or she shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict

If a conflict of interest is determined to exist:

- The Interested Person may make a presentation at the Board meeting but shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement.
 - The Chair shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - The Board shall determine whether FOMC 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 arrangement is not reasonably possible, the Board shall determine by majority vote of the disinterested directors whether the transaction is in FOMC's best interest, for its own benefit, and fair and reasonable. The decision shall be documented in the minutes.
-

Article IV – Violations of the Policy

If the Board 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.

If, after hearing the response and making further investigation as warranted, the Board determines the member has failed to disclose a conflict of interest, it may take appropriate disciplinary and corrective action.

Article V – Records of Proceedings

The minutes of Board meetings shall contain:

- The names of persons who disclosed or were found to have a financial interest;
 - The nature of the financial interest;
 - Any action taken to determine whether a conflict was present;
 - The Board's decision as to whether a conflict existed; and
 - The names of persons present for discussions and votes, the content of discussions, and the record of any votes taken.
-

Article VI – Compensation

A voting member of the Board who receives compensation, directly or indirectly, from FOMC for services is precluded from voting on matters pertaining to that member’s compensation.

Article VII – Annual Statements

Each director and officer shall annually sign a statement which affirms that such person:

- Has received a copy of this Conflict of Interest Policy;
- Has read and understands the policy;
- Has agreed to comply with the policy; and
- Understands that FOMC is a charitable organization and must operate in a manner consistent with its tax-exempt purposes.

Article VIII – Periodic Reviews

To ensure that FOMC 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. These reviews may include:

- Whether compensation arrangements are reasonable and based on competent survey information;
- Whether partnerships, joint ventures, and arrangements with other organizations conform to written policies and properly reflect charitable purposes.

Adoption

This Conflict of Interest Policy was adopted by the Board of Directors of the Friends of Mill Creek Watershed Association Incorporated on the 9th day of March, 2026.

Chair Signature: _____

Vice Chair Signature: _____

Secretary Signature: _____

Treasurer Signature: _____

Members:
