

Conflict of Interest Policy – Hispanic Affairs Project

Article I: Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director, 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.

Article II: Definitions

1. **Interested Person:** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. **Financial Interest:** A person has financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the organization has a transaction or arrangement,
 - b. A compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement, or,
 - c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the organization is negotiating a transaction or arrangement.

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 Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest 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 be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers 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, he/she shall leave the governing 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.
3. **Procedures for Addressing the Conflict of Interest:**
 - a. An interested person may make a presentation at the governing board or committee meeting, but after the 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 shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the organization 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 whether the transaction or arrangement is in the organization'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 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.

Article IV: Records of Proceedings

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

- a. 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
- 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 governing board who receives compensation, directly or indirectly, from the organization 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 organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI: Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms 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 that the organization is charitable and, in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII: Periodic Reviews

To ensure that the organization 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 with the organization'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.

Article VIII: Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the organization 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.

CONFLICT OF INTEREST POLICY

No officer, director or employee of Hispanic Affairs Project shall have a financial interest, directly or indirectly, in any matter relating to the operations conducted by the corporation, including any contract for furnishing services or supplies to it, unless such matter is disclosed to and approved by a majority of disinterested directors at a meeting of the Board of Directors.

Directors will not receive compensation for their service on the HAP board of directors. Staff compensation will be determined by a majority of disinterested directors at a meeting of the Board of Directors. Directors who have a financial or family relationship with any staff member will not be eligible to vote on staff compensation.

The minutes of board meetings at which such votes are taken shall record such disclosures and relationships, the vote of each director (including abstentions), and the rationale for approval.

Approved by the Board of Directors on session meeting December 15, 2009.

POLITICA DE CONFLICTO DE INTERES

Ningún oficial, director o empleado de HAP deberá tener algún interés financiero, directa o indirectamente en cualquier asunto relacionado con las operaciones realizadas por la corporación, esto incluye contratos por bienes muebles o servicios, a menos que tal asunto sea estudiado y aprobado por la mayoría de la Mesa de Directores en una sesión de trabajo.

Los Directores no recibirán ninguna compensación por sus servicios en la Mesa de Directores de HAP. Las compensaciones de los empleados serán determinadas por la mayoría de los miembros en una junta de la Mesa de Directores. Directores quienes tienen una relación familiar o financiera con algún empleado no son elegibles para votar durante un acuerdo para la compensación del empleado.

Las minutas de las reuniones de la Mesa Directiva en las cuales la votación han tenido lugar, deberá ser registrado con el voto de cada director (incluyendo abstenciones), y también deberá contener el análisis desarrollado para su aprobación.

Aprobado por la Mesa de Directores en sesión del 15 de Diciembre del 2009.

Enmienda/ Precisión de esta póliza: Minuta del 18.10.2013: Board vrs Contract: La mesa directiva voto por unanimidad que un miembro de la mesa directiva pueda prestar un servicio profesional remunerado basado en estos criterios: 1) hacer un contrato bien definido para cada caso y 2) Crear un comité de personal para apoyar a la supervisión/evaluación de los contratos temporales – si es requerido. Para el Comité de Personal fueron elegidos José Ávila y Tom Acker.

Directivos presentes en la sesión ordinaria: Jose Ávila, Raquel Oviedo, Jose Talavera, Joel Flores, Nelly Garcia, Aurora Duran y Tom Acker

Revisado y aprobado el 22 de Febrero del 2014.

**Jose Talavera
Board President**

**Molly Greenlee
Board Secretary**