

Lake Roland Nature Council, Inc.

CONFLICT OF INTEREST POLICY

One of the greatest potential problems for any nonprofit organization such as Lake Roland Nature Council is conflict of interest. Actual cases, or even the perception of a conflict of interest, can cause public mistrust and internal strife that can undo a nonprofit organization. Tax exempt status can also be jeopardized through inappropriate handling of business transactions involving the nonprofit organization and a party in conflict.

The key word here to be used as a benchmark in questionable situations is benefit: would the employee or Board member benefit in any way from the decision being made?

We all wear many hats and face potential conflicts of interest every day. The presence of a conflict does not mean that a Board member or employee should resign. It does mean, however, that full disclosure must be made at the earliest possible moment a conflict is discovered. It also means that once the disclosure is made, the Board member or employee should not be involved in the final decision affecting the relationship that gave rise to the conflict. That does not mean that they cannot participate in discussion about the conflicting issues, they simply cannot vote on it.

Like all ethical questions, prudence, honesty, openness, and common sense all dictate the appropriateness of the member or employee's behavior in confronting a particular conflict. But written guidelines are helpful.

Along with a conflict of interest policy, an annual "filing" by all Board members and employees of a conflict statement is required. A standardized form will be distributed on which each employee or member is asked to list possible conflicts. It will include a reminder statement that the responsibility to report a potential conflict rests with the Board member or employee and should be reported as soon as the conflict is known.

CONFLICT OF INTEREST POLICY

I. Application of Policy

This policy applies to Board members, staff and certain volunteers of Lake Roland Nature Council. ("LRNC") A volunteer is covered under this policy if that person has been granted significant independent decision-making authority with respect to financial or other resources of the organization. For example, a member of a committee of the board who is not serving as a member of the board should be covered under this policy. Persons covered under this policy are hereinafter referred to as "interested parties."

II. Conflict of Interest

A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of LRNC. There are a variety of situations which raise conflict of interest concerns including, but not limited to, the following:

Financial Interests: A conflict may exist where an interested party, or a relative or business associate of an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the organization. Examples include situations where:

- LRNC contracts to purchase or lease goods, services, or properties from an interested party, significant other, relative or business associate of an interested party;
- LRNC purchases an ownership interest in or invests in a business entity owned by an interested party, significant other, a relative or business associate of an interested party;
- LRNC offers employment to an interested party, significant other, relative or business associate of an interested party, other than a person who is already employed by the organization;
- An interested party, significant other, relative, or business associate of an interested party is provided with a gift, gratuity or favor, of a substantial nature, from a person or entity which does business or seeks to do business with LRNC;
- An interested party, significant other, relative, or business associate of an interested party is gratuitously provided use of the facilities, property, or services of LRNC.

Other Interests: A conflict may also exist where an interested party, relative, significant other or business associate of an interested party obtains a non-financial benefit or advantage that he would not have obtained absent his/her relationship with LRNC, or where his/her duty or responsibility owed to LRNC conflicts with a duty or responsibility owed to some other organization. Examples include where:

- An interested party seeks to obtain preferential treatment by LRNC for himself, significant other, relative or business associate;
- An interested party seeks to make use of confidential information obtained from LRNC for his/her own benefit or for the benefit of a significant other, relative or business associate, or other organization; or
- An interested party seeks to take advantage of an opportunity or enables a significant other, relative, business associate or other organization to take advantage of an opportunity which s/he has reason to believe would be of interest to the organization;

III. Disclosure of Actual or Potential Conflicts of Interest

An interested party is under a continuing obligation to disclose any actual or potential conflict of interest as soon as it is known or reasonably should be known.

An interested party shall complete a questionnaire, in the form attached as Appendix A, to fully and completely disclose the material facts about any actual or potential conflicts of interest. The disclosure statement shall be completed upon his/her association with LRNC and shall be updated annually thereafter. An additional disclosure statement shall be filed at such time as an actual or potential conflict arises.

For Board members, the disclosure statements shall be provided to the President of the Board, or in the case of the President's disclosure, statement shall be provided to the Secretary of the Board. Copies shall also be provided to the Executive Director.

The Secretary of the Board shall file copies of all disclosure statements with the official corporate records.

IV. Procedures for Review of Actual or Potential Conflicts – Generally

Whenever there is reason to believe that an actual or potential conflict of interest exists between LRNC and an interested party, the Board shall determine the appropriate organizational response. This shall include, but not necessarily be limited to, invoking the procedures described below with respect to a specific proposed action or transaction.

V. Procedures for Addressing Conflicts of Interest - Specific Transactions

Where an actual or potential conflict exists between the interests of LRNC and an interested party with respect to a specific proposed action or transaction, LRNC shall refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved by the disinterested members of the Board. The following procedures shall apply:

- An interested party who has an actual or potential conflict of interest with respect to a proposed action or transaction of the corporation shall not participate in any way in, or be present during, the deliberations and decision making of LRNC with respect to such action or transaction. The interested party may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.
- The disinterested members of the Board may approve the proposed action or transaction upon finding that it is in the best interests of LRNC. The Board shall consider whether the terms of the proposed transaction are fair and reasonable to LRNC and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.

- Approval by the disinterested members of the Board shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An interested party shall not be counted for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of directors in attendance.
- The minutes of the meeting shall reflect that the conflict disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the interested party.

VI. Violations of Conflict of Interest Policy

If the Board has reason to believe that an interested party has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the interested party and making such further investigation as may be warranted in the circumstances, the Board determines that the interested party has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Appendix A

Lake Roland Nature Council, INC.

Conflict of Interest Policy
Annual Affirmation of Compliance
and Disclosure Statement

I have received and carefully read the Conflict of Interest Policy for Board members, staff and volunteers of Lake Roland Nature Council ("LRNC") and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy.

By signing below, I certify that I have filled out the "Disclosure Checklist" and answered "No" to all questions. I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of LRNC nor does any relative, significant other or business associate have such an actual or potential conflict of interest.

If I am aware of an actual or potential conflict of interest, I cannot sign below. Instead, I am submitting the disclosure statement with explanations, as needed, to the President of the Nature Council (or, if the President has a conflict, to the Secretary of the Nature Council.)

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the President of the Board of Directors of LRNC or to the Senior Ranger, as applicable.

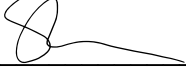
Name (Please print)

Signature

Date

Disclosure Checklist

Name (Please print)



Signature

Date

Please complete the questionnaire, below, indicating any actual or potential conflicts of interest. If you answer "yes" to any of the questions, please provide a written description of the details of the specific action or transaction in the space allowed. Attach additional sheets as needed.

Financial Interests: A conflict may exist where an interested party, significant other or business associate of an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by LRNC.

Please indicate, during the past 12 months:

Has LRNC contracted to purchase or lease goods, services, or property from you or your significant other, or from any of your relatives or business associates?

Yes No

If yes, please describe:

Has LRNC purchased an ownership interest in or invested in a business entity owned by you or your significant other, or by any of your relatives or business associates?

Yes No

If yes, please describe:

Has LRNC offered employment to you or your significant other or to any of your relatives or business associates, other than a person who was already employed by LRNC?

Yes No

If yes, please describe:

Have you or your significant other, or any of your relatives or business associates, been provided with a gift, gratuity or favor, of a substantial nature, from a person or entity which does business or seeks to do business with LRNC?

Yes No

If yes, please describe:

Have you or your significant other, or any of your relatives or business associates, been gratuitously provided use of the facilities, property, or services of LRNC?

Yes No

If yes, please describe:

Other Interests: A conflict may also exist where an interested party, relative, significant other or business associate of an interested party obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with LRNC or where his/her duty or responsibility owed to LRNC conflicts with duty or responsibility owed to some other organization.

Please indicate if at any time during the past twelve months:

Did you obtain preferential treatment by LRNC for yourself or your significant other, or for any of your relatives or business associates?

Yes No

If yes, please describe:

Did you make use of confidential information obtained from LRNC for your own benefit or for the benefit of a relative, significant other, business associate, or other organization?

Yes No

If yes, please describe:

Did you take advantage of an opportunity or enable a relative, significant other, business associate or other organization to take advantage of an opportunity which you had reason to believe would be of interest to LRNC?

Yes No

If yes, please describe: