

## MICHIGAN TRAUMA COALITION, INC.

### CONFLICTS OF INTEREST POLICY

#### ARTICLE I - Purpose

- 1.1 Purpose. The purpose of the conflicts of interest policy is to:
- a. Protect MICHIGAN TRAUMA COALITION, INC., a Michigan nonprofit corporation ("Corporation's"), interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person.
  - b. Protect the Corporation's interest by identifying any outside/conflicting activities of interested persons.
  - c. Provide a systematic and ongoing method of disclosing and ethically resolving potential conflicts of interest.

This policy is adopted by and applies to the Corporation.

#### ARTICLE II - Definitions

- 2.1 Board. The Board is the board of directors of the corporation.
- 2.2 Interested Person. Any director or officer or member of a committee with board delegated powers who has a direct or indirect financial, compensation, or management interest, as defined below, is an interested person.
- 2.3 Financial Interest. A person has a 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 Corporation has a transaction or arrangement, or provides services competitive with the Corporation;
  - b. A compensation arrangement with the Corporation or any Affiliate of the Corporation ("an Affiliate") or with any entity or individual with which the Corporation or any Affiliate has a transaction or arrangement, or provides services competitive with the Corporation; or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation or any Affiliate is negotiating a transaction or arrangement or which provides services competitive with the Corporation.
- 2.4 Compensation. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.5 Management Interest. A person has a management interest if the person provides governance, managerial, or consultive services to any outside concern that does business with, or competes with the Corporation.

### **ARTICLE III - Disclosure and Resolution**

3.1 Annual Disclosure. Any interested person shall sign a statement identifying any potential conflicts of interest at least every two years, which affirms that 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 Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes and that no part of the Corporation's net earnings may inure to the private benefit of any individual or group of individuals.

3.2 Transaction Level Disclosure. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial or management interest to the directors and members of committees with Board delegated powers who are considering the proposed transaction or arrangement.

3.3 Determining Whether a Conflict of Interest Exists. After disclosure of the financial, compensation or management interest, the interested person may be asked to leave the Board or committee meeting while the transaction is discussed and voted upon. The interested person may not vote on the matter. If requested to leave, the interested person may be in attendance when the matter is initially presented to the board before full discussion. The remaining board or committee members shall decide if a conflict of interest exists.

3.4 Procedures for Addressing the Conflict of Interest.

a. The chairperson of the Board or committee shall, if appropriate, appoint or cause a disinterested person or committee to investigate the proposed transaction or arrangement and potential alternatives.

b. After exercising due diligence, the Board or committee shall determine if the proposed transaction or arrangement is at fair market value. This may be determined through independent studies and/or appraisals.

c. Any approval of the transaction is only by a majority vote of the disinterested directors. The disinterested directors must determine that the transaction or arrangement is in the Corporation's best interest and for its own benefit and that the transaction is fair and reasonable to the Corporation. The disinterested directors shall make a decision as to whether to enter into the transaction in conformity with such determination.

3.5 Violations of the Conflicts of Interest Policy.

a. If the Board or committee has reasonable cause to believe that a member as 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 response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**ARTICLE IV - Records of Proceedings**

4.1 Minutes. The minutes of the board and all committees with board-delegated powers (including, but not limited to the Corporation's Executive Committee) shall contain:

a. the names of the persons who disclosed or otherwise were found to have a financial, compensation or management interest in connection with an actual or possible conflict of interest, the nature of the financial, compensation or management 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.

b. the names of the persons who were present for discussions and votes relating to the transaction arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

**ARTICLE V - Compensation Committees**

5.1 Compensation. A voting member of any committee whose jurisdiction includes compensation matters, and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

**ARTICLE VI - Gifts, Gratuities, and Entertainment**

6.1 Gifts, Gratuities, and Entertainment. It is prohibited to accept personal cash gifts of any amount, other gifts or entertainment, or other favors from any outside concern that does, or is seeking to do business with the Corporation when such action is related to a particular transaction or if acceptance would appear to influence the individual in the performance of work-related duties.

Acceptance of cash gifts of any amount is prohibited under any circumstances.

Disclosure of gifts or entertainment in excess of Two Hundred Dollars (\$200.00) will be made on the annual conflict of interest questionnaire.

**ARTICLE VII - Periodic Reviews**

7.1 Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining;

b. Whether transactions result in inurement or impermissible private benefit;  
and

c. Whether partnership and joint venture arrangements and arrangements with organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

**ARTICLE VIII - Use of Outside Experts**

8.1 Outside Advisors. In conducting the periodic reviews provided for in Article 7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Approved – Executive Board 2-9-21

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