

Greater Cincinnati Orchid Society

Conflict of Interest Policy

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Greater Cincinnati Orchid Society, or "GCOS") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a GCOS officer or director or might result in a possible excess benefit transaction. This policy supplements rather than replaces state and federal laws applicable to nonprofit organizations.

Definitions

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.

Financial Interest: A person who has directly or indirectly, through business, investment, family or household members:

- a) An ownership or investment interest in any entity with which the GCOS has a transaction or arrangement,
- b) A compensation arrangement with GCOS or with any entity or individual with which GCOS has a transaction or arrangement,
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which GCOS is negotiating a transaction or arrangement.

Compensation: Direct and indirect remuneration and gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Procedures, 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.

Procedures

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 that is considering the proposed transaction or arrangement.

Determination of Whether a Conflict of Interest Exists

After disclosing the financial interest and all material facts, and after discussion with the interested person, he/she shall leave the 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.

Addressing the Conflict of Interest

A person who has been determined by the Board to have a conflict of interest may make a presentation at the GCOS 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.

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.

After exercising due diligence, the board or committee shall determine whether GCOS 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.

If a more advantageous transaction or arrangement is not reasonably available under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in GCOS'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.

Violations of the Conflicts of Interest Policy

If the GCOS board or committee has reasonable cause to believe that a member has failed to disclose an actual or possible conflict of interest, it shall inform the member of the basis for the belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and making appropriate investigation, the board or committee determines the member has failed to disclose an actual or possible conflict, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

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

- a) The names of persons who disclosed or who 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 decision as to whether a conflict of interest in fact existed.
- b) The names of persons who were present for discussions and votes related 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

AGCOS Director or committee member who receives compensation, directly or indirectly, from GCOS for services is precluded from voting on matters pertaining to that person's compensation.

No GCOS Director or any committee whose jurisdiction includes compensation, or who receives compensation directly or indirectly from GCOS can be prohibited from providing information to any committee regarding compensation.

Annual Statements

Each director, principal officer and member of a committee with GCOS board-delegated powers shall annually sign a statement which affirms that such person has received a copy of the conflicts of interest policy, has read and understands the policy, has agreed to comply with the policy, and understands that GCOS 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.

Periodic Review

This policy shall be periodically reviewed to ensure that GCOS acts consistently with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status. The reviews shall include the appropriateness of any compensation arrangements and whether any partnerships, joint ventures, and arrangements with management organizations conform to GCOS'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. Periodic reviews may, but do not need to, use outside advisors; outside advisors do not relieve the GCOS board of its responsibility to ensure that periodic reviews are conducted.

Adopted by the Board on April 7, 2009