

**WAKE COUNTY MEDICAL SOCIETY – COMMUNITY HEALTH FOUNDATION
CONFLICTS OF INTEREST POLICY
Effective December 2012**

**ARTICLE I
Purpose**

The purpose of the Conflicts of Interest Policy is to protect the interests of Wake County Medical Society Community Health Foundation, Inc. (the "Corporation") when the Corporation is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy, adopted by the Board of Directors of the Corporation, is intended to supplement but not replace any applicable laws or regulations of the State of North Carolina governing conflicts of interest applicable to nonprofit and charitable corporations.

**ARTICLE II
Definitions**

For purposes of this conflicts of interest policy, the following definitions and rules of construction shall apply:

1. "Interested Person" shall mean a director, principal officer, or member of a committee with the authority to act on behalf of the Board of Directors, who has a direct or indirect Financial Interest.
2. A "Financial Interest" exists if an Interested 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;
 - b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation 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 Corporation is negotiating, or any entity or individual with respect to which the Board or a committee is considering, a transaction or arrangement.

A Financial Interest does not necessarily constitute or result in a conflict of interest. For purposes of this Policy, a person shall be considered to have a conflict of interest only if the Board or an appropriate committee determines that a conflict of interest exists pursuant to Article III below. "

3. Compensation includes direct and indirect remuneration and gifts or favors which are substantial in nature, but shall not include gifts of less than Fifty Dollars (\$50.00) in value.
4. An Interested Person who has a Financial Interest with respect to one or more parent, sister, or subsidiary business entities of the -Corporation shall be deemed to have a Financial Interest in the Corporation.

**ARTICLE III
Procedures**

1. An Interested Person shall disclose the existence and nature of his or her Financial Interest, and shall be given the opportunity to disclose all material facts with regard to such Financial Interest, to the directors and members of committees with Board-delegated powers considering the proposed transaction or arrangement.

2. If the Interested Person has a Financial Interest, after disclosure of the Financial Interest and all material facts relating to the Financial Interest, and after any discussion between the Board or the committee and the Interested Person to clarify or bring to light additional information with respect to the Financial Interest, the Interested Person shall leave the Board or committee meeting while the remaining Board or committee members deliberate and vote upon whether a conflict of interest exists. Prior to leaving the meeting, the Interested Person may offer a brief statement of his or her position regarding the transaction or arrangement and may answer pertinent questions from other directors or committee members. In the absence of the Interested Person, the remaining Board or committee members shall determine if the Financial Interest constitutes or results in a conflict of interest.

3. In the event the Board or committee determines that a conflict of interest exists:

a. The Interested Person may make a presentation with regard to the transaction or arrangement at the Board or committee meeting, but after such presentation, the Interested Person shall leave the meeting during the deliberations concerning, and the vote upon, the transaction or arrangement.

b. The chair of the 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 Board or committee shall determine whether the Corporation can, with reasonable efforts, obtain a more advantageous transaction or arrangement with 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 attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine, by a majority vote of the disinterested directors or committee members present at a meeting, whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction or arrangement is fair and reasonable to the Corporation. "

ARTICLE IV **Records of Proceedings**

The minutes of meetings of the Board of Directors and all committees acting with the authority of the Board of Directors shall include:

1. The names of all persons who have disclosed or otherwise were found to have Financial Interests, the nature of the Financial Interest, and the Board's determination of whether a conflict of interest existed; and

2. The names of the persons who were present at the meeting for discussions and votes relating to the transaction or arrangement, the content of these discussions (including any alternatives to the proposed transaction or arrangement), and a record of the vote.

ARTICLE V **Compensation Matters**

A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's 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 **Annual Statements**

Each director, principal officer and member of a committee acting with Board-delegated powers shall, upon commencement of his or her employment or term of office, and annually thereafter, sign a statement, in the form attached hereto as Appendix A, certifying that the person:

1. received a copy of the conflicts of interest policy;
2. has read and understands the policy;
3. agrees to comply with the policy; and
4. understands that the Corporation is a charitable organization and that in order to maintain its tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII **Periodic Reviews**

The Corporation shall conduct periodic reviews of its activities to ensure that it is operating in a manner consistent with its charitable purposes and that it is not engaging in activities that could jeopardize its status as an organization exempt from federal income tax. In conducting such reviews, the Corporation shall evaluate the following:

1. Whether the Corporation's compensation arrangements and benefits are reasonable and the result of arm's length negotiations; and
2. Whether contractual arrangements with providers of goods or services conform to written policies, are properly recorded, reflect reasonable payments for goods or services, further charitable purposes, and do not result in private inurement or impermissible private benefit.

In conducting its periodic reviews, the Board of Directors may in its discretion engage outside advisors, but the Board of Directors shall at all times retain responsibility for ensuring that periodic reviews are conducted.

ARTICLE VIII **Violations of Conflicts of Interest Policy**

If the Board of Directors or a committee has reasonable cause to believe that a member of the Board of Directors or of the committee has failed to disclose a Financial Interest, it shall inform such 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 of the member and making such further investigation as may be warranted under the circumstances, the Board of Directors or committee determines that the member has in fact failed to disclose a Financial Interest, it shall take appropriate disciplinary and corrective action.

**ANNUAL STATEMENT CONCERNING CONFLICTS OF INTEREST POLICY
OF
WAKE COUNTY MEDICAL SOCIETY COMMUNITY HEALTH FOUNDATION, INC.**

The undersigned, being a duly appointed or elected officer or director of the Wake County Medical Society Community Health Foundation, Inc., a North Carolina nonprofit corporation (the "Corporation"), does hereby certify as follows:

1. The undersigned has received a copy of the Conflicts of Interest policy of the Corporation, as adopted by the board of directors of the Corporation at its meeting on _____(the "Conflicts of Interest Policy");
2. The undersigned has read and understands the Conflicts of Interest Policy;
3. The undersigned agrees to comply with the Conflicts of Interest Policy; and
4. The undersigned understands that the Corporation is a charitable organization and that in order to maintain its tax-exempt status, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Signed the ____ day of _____, 20__.

Printed Name: _____