

**WAKE COUNTY MEDICAL SOCIETY – COMMUNITY HEALTH FOUNDATION
CONFLICTS OF INTEREST POLICY
Effective July 2015
Adopted on July 28, 2015 by the WCMSCHF Board of Directors ¹**

**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 Financial Interest or a Loyalty Interest.

An Interested Person who has a relationship with one or more parent, sister, or subsidiary business entities of the Corporation shall be deemed to have an identical relationship with the Corporation.

2. A "Financial Interest" exists if a person, or a close family member of the person, has, directly or indirectly, through business or investment:

- 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.

3. A "Loyalty Interest" exists if a person is associated, through current service or employment, with a Board, organization, group, or entity, with which the Corporation has or is considering a transaction or arrangement.

4. "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.

5. An "Actual Conflict of Interest" exists if (1) an Interested Person believes that his/her Financial Interest or Loyalty Interest prohibits him/her from fully, ethically, and honestly executing his/her duty to the Corporation, as defined by the by-laws, as it relates to the relevant transaction; or (2) the Board of Directors or the committee of the Board that is considering the relevant transaction determines through the procedure outlined in this Policy that the Interested Person can not fully, ethically, and honestly

¹ By adopting this revised policy, the Board of Directors revokes all earlier versions of this policy and revokes the Corporation's "Conflict of Interest Statement of Policy and Questionnaire".

execute his/her duty to the Corporation, as defined by the by-laws, as it relates to the relevant transaction.

6. A "Potential Conflict of Interest" is created by the presence of a Financial Interest or a Loyalty Interest and exists once a person determines that he/she qualifies as an Interested Person.

ARTICLE III **Procedures**

1. An Interested Person shall disclose the existence and nature of his/her Potential Conflict of Interest (by disclosing his/her Financial Interest or Loyalty Interest), and shall be given the opportunity to disclose all material facts with regard to such Financial Interest or Loyalty Interest, to the Board of Directors or members of the committee with Board-delegated powers considering the proposed transaction or arrangement.

2. If an Interested Person has an Actual Conflict of Interest, he/she shall be removed from the room in which the relevant transaction or arrangement is being discussed, prior to any discussion of the relevant transaction, and shall not participate or influence, in any way, any discussion concerning the relevant transaction. He/she shall also be removed from all voting directly concerning the relevant transaction and shall not, in any way, participate or influence the voting process.

3. If an Interested Person believes that his/her Potential Conflict of Interest does not qualify as an Actual Conflict of Interest, he/she shall, after disclosure pursuant to Article III, Section 1, be removed from the room in which the Board or relevant committee is meeting. Once he/she has been removed, the remaining Board or committee members shall determine by majority vote of the disinterested members whether the Interested Person has an Actual Conflict of Interest. If the remaining Board or committee members determine that the Interested Person has an Actual Conflict of Interest, Article III, Section 2 shall apply. If the remaining Board or committee members determine that the Interested Person does not have an Actual Conflict of Interest, the Interested Person will be allowed to return to the meeting, participate, and vote, as if he/she had no Financial Interest or Loyalty Interest.

4. If an Interested Person is removed from consideration of a transaction pursuant to Article III, Section 2, the remaining Board or committee members shall conduct the portion of the meeting during which the Interested Person is unavailable as though he/she had not attended the meeting. His/her presence shall not be counted for purposes of determining the existence of a quorum. His/her presence shall not be used for purposes of determining any matter requiring a majority vote.

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 a Potential Conflict of Interest; if applicable, the names of all persons who have disclosed or otherwise were found to have an Actual Conflict of Interest; and, if applicable, the Board's determination of whether an Actual Conflict of Interest existed; and

2. The names of the persons who were present at the meeting for discussions and votes relating to the relevant transaction or arrangement and any Potential Conflict of Interest, 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/her employment or term of office, and during each following calendar year, sign a statement certifying that the person:

1. received a copy of the conflicts of interest policy;
2. has read and understands the policy; and
3. agrees to comply with the policy.

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 Potential Conflict of 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 Potential Conflict of 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

Signed the _____ day of _____, 20____.

Printed Name: _____