

Lockport CARES, Inc. ("CARES")

Policy Date: March, 2014

Regarding: Conflicts of Interest and Related-Party Transaction

Fairness in decision making is more likely to occur in an impartial environment. This impartial environment is protected by avoiding or effectively managing conflicts of interest.

The potential for a conflict of interest arises in situations in which a person is responsible for promoting the interest of the ministry at the same time he or she is involved in a competing personal interest. While some laws regulating nonprofits may limit the concern to "material financial interests," an organization's reputation with donors and other constituencies may be injured by personal or relational interests, and even the appearance of a conflicted decision.

To protect the impartial decision making and reputation of both the organization and those involved with it, transactions with related parties where a potential conflict of interests exists or may appear to exist must be carefully handled. Such transactions should be disclosed to the governing board of CARES and evaluated to ensure they are made on a sound economic basis and in the best interest of CARES.

A related party transaction is any transaction, agreement, or other arrangement in which a related party has a financial interest and in which the corporation or any affiliate of the corporation is a participant.

A related party is considered any officer or key employee of the corporation and any relative of any director and any entity in which an individual has a 35% or greater ownership or beneficial interest in, or in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

A relative includes: spouse, siblings, children, grandchildren and ancestors.

As such, CARES should undertake transactions with related parties only in the following situations:

- The audited financial statements of the organization fully disclose material related-party transactions.
- Related parties are excluded from the discussion and approval of related-party transactions.
- There are competitive bids or comparable valuations.
- The organization's board approves the transaction as one that is in the best interest of the organization.

Conflict of Interests can be avoided most easily when the organization has a stated conflict of interest policy and annually canvasses the governing board and key administrative personnel to document potential conflicts.

In that regard, the attached Conflict of Interest/Related Party Questionnaire is to be used to document any potential conflicts with the following noted:

- Good faith to the CARES board by officers, directors and key employees annually and at the time a related party transaction arises,
- There is a prohibition against any attempt by the person with the conflict of interest to influence improperly the deliberation or voting on the matter giving rise to such conflict. The related party is to not have a presence and/or participation in the decision, presentation of information, answering of questions before deliberations and vote,

- A requirement that the existence and resolution of the conflict be documented in CARES records, including the board minutes of any meeting at which the conflict was discussed or voted upon.
- The Board minutes are to include documentation on the: 1) basis for approval of the related party transaction; and 2) alternatives considered.
- The Board should consider alternatives,
- A majority vote of the Board is required to allow a related party transaction, and
- The attached Conflict of Interest/Related Party Questionnaire is to be completed before the initial election of any Board Member and/or Director of CARES, and then every year of service thereafter. Directors and Board Members must complete, sign and submit a written disclosure of potential conflicts. The Board of Directors will oversee the adoption, implementation of and compliance with any conflict of interest policy. It is the responsibility of the Board Secretary to ensure all conflicts of interest are reported to the governing board of CARES. The completed questionnaires will be attached and filed with the board minutes.

CONFLICT OF INTEREST/RELATED PARTY QUESTIONNAIRE

A conflict of interest may relate to you, your spouse, family members, business interests, and/or associates. Conflicts of interest may arise when one party has the ability to significantly influence the management or operating policies of the other, to the extent that one of the transacting parties might be prevented from fully pursuing the interests of Lockport CARES, Inc. ("CARES") rather than his/her own separate or related-party interests.

Considering the period from 1/1/2014 - 12/31/2014:

	Yes*	No
1. I (or a party related to me) hold, directly or indirectly, a position of financial interest in an outside concern from which the organization secures goods or services.	_____	_____
2. I (or a related party of mine) render directive, managerial, or consultative services to, or is an employee of, any outside concern that does business with CARES.	_____	_____
3. I have accepted gifts or other benefits from any outside concern that does, or is seeking to do, business with CARES.	_____	_____
4. I have participated in management decisions concerning transactions that affect or benefit me, my family, or my personal financial interests (other than ordinary management decisions on employment matters such as compensation).	_____	_____
5. I (or a related party of mine) have been indebted to CARES at some time during the above stated period. If so, please note the nature, date, terms, and amount.	_____	_____
6. CARES has been indebted to me (or a related party of mine) at some time during the above stated period. If so, please note the nature, date, terms, and amount.	_____	_____
7. I, or a related party of mine, are engaged in an agreement or transaction that is considered a related party transaction as described in our policy.	_____	_____

*If you answered "Yes" to any of these statements, please provide further explanation and information on any related-party transactions.

(Print Name)

(Signature)

(Date)