



## The Monterey Bay Holistic Alliance

*"Your Health and Wellness Friends"*

P.O. Box 249, Marina, CA 93933 (831) 272-2781 MBHolistic@gmail.com www.montereybayholistic.com

### MBHA CONFLICT OF INTEREST POLICY

#### I. Purpose

MBHA encourages the active involvement of its directors, officers, volunteers and employees in the community. In order to deal openly and fairly with actual and potential conflicts of interest that may arise as a consequence of this involvement, MBHA adopts the following *Conflict of Interest Policy*.

#### II. Policy

Directors, officers, employees or volunteers are expected to use good judgment, to adhere to high ethical standards, as outlined in the *MBHA Code of Ethics and Governance* and the *MBHA Code of Conduct* and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of another employee or volunteer and those of MBHA. A conflict of interest exists when the loyalties or actions of an employee, or volunteer are divided between the interests of MBHA and the interest of the employee or volunteer. Both the fact of the conflict and the appearance of a potential conflict of interest should be avoided.

#### III. Definitions

*Affiliated, affiliation* includes all direct and indirect financial interests between an MBHA director, officer, volunteer or employee and a person of substantial influence with whom the MBHA employee or volunteer is considering entering into any transaction, or a volunteer or employee with whom MBHA is considering entering into a transaction. It also includes any other interest that may influence the judgment of an MBHA director, officer, volunteer or employee.

Conflict of interest is defined as such that it reduces the likelihood that the director, officer, or employee or volunteer can act in the best interests of MBHA.

*Person* means any individual, trust, estate, partnership, association, company or corporation.

*Substantial influence* The following persons are deemed to have substantial influence over MBHA decisions:

- Each member of the Board of Directors, including the Board President, and Executive Board.

- The officers of MBHA, and such persons' spouse, ancestors, children, grandchildren, great grandchildren, brothers, sisters and the spouses of the children, grandchildren, great grandchildren, brothers and sisters
- An entity in which such persons hold more than 35 percent of the control.
- Furthermore, any person who met one of these definitions in the five years before the proposed transaction is deemed, for purposes of this Policy, to have substantial influence over MBHA.
- An MBHA volunteer who is placed in a position of service and/or administrative responsibilities which involves interaction with MBHA clients and/or MBHA staff.

#### **IV. Procedures**

##### **Duty to Disclose**

Each employee shall disclose to the Executive Director all material facts regarding the affiliation of such employee with any person with whom MBHA is considering entering a transaction. The employee shall make that disclosure promptly upon learning of the link between that person and transaction. The person will fill out a *MBHA Conflict of Interest Statement* when becoming an employee, volunteer or board member of MBHA. The information on the Conflict of Interest Statement will help the Executive Director to determine whether a course of action needs to be taken.

The Executive Director, the Board President, or any other person with substantial influence shall disclose to the Board all material facts regarding his or her affiliation with any person with whom MBHA is considering entering a transaction. The Executive Director or person with substantial influence shall make that disclosure promptly upon learning of the link between that person and the transaction. If there is a question as to whether the employee has substantial influence over MBHA, the Executive Director shall present this issue to the Board of Directors, and the Board shall resolve the matter.

At any meeting of the Board at which a transaction involving an affiliated person will be considered, a director shall disclose to the members of the Board all material facts regarding the director's affiliation with any person with whom the Board is considering entering into any transaction.

##### **Determining Whether a Conflict of Interest Exists**

All employees, board members, and volunteers should fill out a *Conflict of Interest Statement* upon entering into an agreement with MBHA. With regard to an employee or volunteer without substantial influence over MBHA, the Executive Director shall determine whether a conflict of interest exists.

With regard to the Executive Director, or a person with substantial influence over MBHA, the Board shall determine if a conflict of interest exists.

With regard to Board Members, the board shall determine whether conflict of interest exists.

After an affiliation disclosure by a President at a Board meeting, the President shall leave the meeting while the implications of the affiliation are considered and voted upon. The remaining Board members shall determine if a conflict of interest exists.

### **Consequences of the Existence of a Conflict of Interest**

With regard to an employee without substantial influence over MBHA, the Executive Director shall decide the appropriate response by MBHA once a conflict of interest has been determined to exist. An employee may appeal any adverse determination to the Board.

With regard to the Executive Director or a person with substantial influence over MBHA, the Board shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

In the case of a director, if it is determined that a conflict of interest exists, the director shall leave the meeting while the transaction is discussed and shall not vote on it. The remaining directors shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

### **V: Findings of the Board**

If the Board of Directors determines that a person with substantial influence over MBHA (such person) has a conflict of interest with regard to a transaction of MBHA, MBHA may engage in the transaction only if the following conditions are met prior to the transaction:

- A. Such person shall disclose to the Board all material facts concerning the person's affiliation with the transaction.
- B. The Board shall review the material facts. The transaction may be approved only if a majority of the directors, not counting the vote of such person, concludes that
  1. The proposed transaction is fair and reasonable to MBHA, and
  2. MBHA proposes to engage in this transaction for its own purposes and benefits and not for the benefit of such person, and
  3. The proposed transaction is the most beneficial arrangement which MBHA could obtain in the circumstances with reasonable efforts.

The minutes of any meeting at which such a decision is taken shall record the nature of the affiliation and the material facts disclosed by such person and reviewed by the MBHA Board President or Chairman of the Board. If the person in question is the MBHA President or Chair then the Vice-President or Founder will Chair the Meeting.

### **VI: Annual Statements**

Each person who is deemed to have substantial influence over MBHA shall sign an Annual Disclosure Statement which affirms that the person has received a copy of this *MBHA Conflict of*

*Interest Policy*, has read and understood the Policy, and has agreed to comply with the Policy, and discloses any direct or indirect affiliations.

All Annual Disclosure Statements shall be submitted to the Executive Director, for employees and staff and to the Secretary of MBHA Board for the MBHA board members, and filed with the minutes of the first meeting of the Board of Directors held each year.

#### **VII: Remedies**

Every board member, employee or volunteer is given opportunity to be compliant with the Code of Ethics, Code of Conduct and Conflict of Interest policies and procedures. Board members and employees must be provided with policies and procedures before joining the board or being hired so that they are fully aware of MBHA policy. Any board member who is found to have a Conflict of Interest and does not change the situation immediately after an investigation, or who is found to have intentionally failed to comply with this Conflict of Interest Policy, or to have hidden information and not answered questions truthfully on the *MBHA Conflict of Interest Statement*, may, in the discretion of the Board of Directors, be censured or be removed from the Board. If an employee who is deemed to have substantial influence over MBHA fails to comply with this *MBHA Conflict of Interest Policy*, he or she may be put on notice or terminated, in the discretion of the MBHA Board of Directors. Any other employee who fails to comply with this Conflict of Interest Policy may be put on notice or terminated, in the discretion of the Executive Director.

#### **VIII: Periodic Reviews**

To ensure that MBHA operates in a manner consistent with its charitable purposes and its status as an organization exempt from federal income tax, the Board shall authorize and oversee a periodic review of the administration of this *MBHA Conflict of Interest Policy* and the annual signing of the *MBHA Conflict of Interest Statement*. The review may be written or oral. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved.