

## **MINNESOTA BOYCHOIR**

### **CONFLICT OF INTEREST POLICY**

#### **SECTION 1. PURPOSE:**

The Minnesota Boychoir is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the Minnesota Boychoir as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between the Minnesota Boychoir and its board, officers, and management employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The board, officers, and management employees have the responsibility of administering the affairs of the Minnesota Boychoir honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Minnesota Boychoir. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Minnesota Boychoir or knowledge gained therefrom for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

#### **SECTION 2. PERSONS CONCERNED:**

This statement is directed not only to directors and officers, and members of committees with Board-delegated powers, but to all employees who can influence the actions of the Minnesota Boychoir. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning the Minnesota Boychoir.

#### **SECTION 3. DISCHARGE OF DUTIES.**

It is the responsibility of each director and officer of the Board to discharge his or her duties as a director or officer in good faith, in a manner the person reasonably believes to be in the best interests of the Minnesota Boychoir, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

#### **SECTION 4. AREAS IN WHICH CONFLICT MAY ARISE:**

Conflicts of interest may arise in the relations of directors, officers, members of committees with Board-delegated powers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to the Minnesota Boychoir.

2. Persons and firms from whom the Minnesota Boychoir leases property and equipment.
3. Persons and firms with whom the Minnesota Boychoir is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting the Minnesota Boychoir.
6. Agencies, organizations, and associations, which affect the operations of the Minnesota Boychoir.
7. Family members, friends, and other employees.

#### **SECTION 5. NATURE OF CONFLICTING INTEREST:**

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 4. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with the Minnesota Boychoir.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the Minnesota Boychoir.
3. Receiving remuneration for services with respect to individual transactions involving the Minnesota Boychoir.
4. Using the Minnesota Boychoir's time, personnel, equipment, supplies, or good will for other than the Minnesota Boychoir-approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with the Minnesota Boychoir. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

The areas of conflicting interest listed above, and the relations in those areas that may give rise to conflict listed herein, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, members of committees with Board-delegated powers, and management employees will recognize such areas and relation by analogy.

#### **SECTION 6. DISCLOSURE POLICY:**

The fact that one of the interests described herein exists does not necessarily mean that a conflict exists, or that any existing conflict is sufficiently material to be of practical importance, or that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the Minnesota Boychoir.

However, it is the policy of the board that the existence of any of the interests described in this policy shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, officers, members of committees with Board-delegated powers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

## **SECTION 7. CONFLICTS PROCEDURE:**

### **A. Duty to Disclose.**

In connection with any actual or possible conflicts of interest, a member of the board, officers, members of committees with Board-delegated powers, and management employees must disclose the existence of his or her conflicting interest and be given the opportunity to disclose all material facts relating to such to the directors or members of committees with Board-delegated powers considering the proposed transaction or arrangement.

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

After disclosure of the conflicting interest and all material facts, and after any discussion with the interested person, the interested person must leave the Board (or committee) meeting while the conflicting interest is discussed and voted upon. The remaining Board (or committee) members shall decide if a conflict of interest exists.

### **C. Procedures for Addressing the Conflict of Interest.**

1. An interested person may make a presentation at the Board or committee meeting regarding the proposed transaction or arrangement, but after such presentation, the interested person shall leave the meeting during the discussion of, and the vote on, the proposed transaction or arrangement that results in the conflict of interest.
2. 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.
3. After exercising due diligence, the Board (or committee) shall determine whether the Minnesota Boychoir can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably attainable under the 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), whether the transaction or arrangement is in the Boychoir's best interest and for its own benefit and whether the transaction is fair and reasonable to the Boychoir and shall make its decisions as to whether to enter into the transaction or arrangement in conformity with such determination.

## **SECTION 8. VIOLATIONS PROCEDURE.**

### A. Procedure.

If the Board (or committee) has reasonable cause to believe that a person subject to this policy has failed to disclose actual or possible conflicts of interest or failed to discharge his or her duties in accordance with Article 3, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure.

### B. Action.

If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the Board (or committee) determines that the person has, in fact, failed to discharge his or her duties in accordance with this policy or to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **SECTION 9. RECORDS OF PROCEEDING**

The minutes of meetings of the Board (or committee) shall contain:

- A. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflicting interest, any action taken to determine whether a conflict of interest was present and the Board's (or committee's) decisions to whether a conflict of interest in fact exists.
- B. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussions, including any alternatives to the proposed transaction or arrangement and a record of any votes taken in connection therewith.

## **SECTION 10. COMPENSATION**

The following shall apply to any compensation committee:

- A. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Minnesota Boychoir for services is precluded from voting on matters pertaining to that member's compensation.
- B. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Minnesota Boychoir for services, is precluded from voting on matters pertaining to that member's compensation.

## **SECTION 11. ANNUAL STATEMENT**

Each director, officer and member of a committee with Board-delegated powers shall complete and sign a Conflicts of Interest Policy Annual Statement at the time of his or her initial election or appointment and annually thereafter. The current form is attached as Exhibit A.

## **SECTION 12. PERIODIC REVIEW**

To ensure the Minnesota Boychoir operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. Whether compensation arrangements and benefits are reasonable and are the result of arm's length bargaining.
- B. Whether partnership and joint venture arrangements and arrangements with management service organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

## **SECTION 13. USE OF OUTSIDE ADVISORS**

In conducting the periodic reviews provided for herein, the Minnesota Boychoir may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

**EXHIBIT A**

**CONFLICTS OF INTEREST POLICY  
ANNUAL STATEMENT**

The undersigned, being a director, officer or member of a committee with Board-delegated powers of the Minnesota Boychoir (the "Boychoir"), hereby acknowledges the following:

1. I have received a copy of the Minnesota Boychoir Policy Regarding Conflicts of Interest and Discharge of Duties for Directors and Officers (the "Policy").
2. I have read and understand the Policy.
3. I agree to comply with the Policy.
4. I understand that the Policy applies to the Board of Directors, all committees and subcommittees having Board-delegated powers and all officers.
5. I understand that the Minnesota Boychoir is a charitable organization and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of their tax-exempt purposes.
6. The following information concerning conflicts and potential conflicts is true, correct and complete to the best of my knowledge:

1. NAME OF EMPLOYEE OR BOARD MEMBER: (Please print)

\_\_\_\_\_

2. CAPACITY:

- \_\_\_\_ board of directors
- \_\_\_\_ executive committee
- \_\_\_\_ officer
- \_\_\_\_ committee member (name committee): \_\_\_\_\_
- \_\_\_\_ staff (position): \_\_\_\_\_

3. Have you or any of your affiliated persons<sup>1</sup> provided services or property to the Minnesota Boychoir in the past year?

\_\_\_\_\_

<sup>1</sup>In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed "affiliated persons" and include the following:

- a. your spouse, domestic partner, child, mother, father, brother or sister;
- b. any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
- c. any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

YES  NO

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

4. Have you or any of your affiliated persons purchased services or property from the Minnesota Boychoir in the past year?

YES  NO

If yes, please describe the purchased services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

5. Please indicate whether you or any of your affiliated persons had any direct or indirect interest in any business transaction(s) in the past year to which the Minnesota Boychoir was or is a party?

YES  NO

If yes, describe the transaction(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

6. Were you or any of your affiliated persons indebted to pay money to the Minnesota Boychoir at any time in the past year (other than tuition for a Boychoir member or the like)?

YES  NO

If yes, please describe the indebtedness and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

7. In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from the Minnesota Boychoir or as a result of your relationship with the Minnesota Boychoir, that in the aggregate could be valued in excess of \$1,000, that were not or will not be compensation directly related to your duties to the Minnesota Boychoir?

\_\_\_YES \_\_\_NO

If yes, please describe the benefit(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving the Minnesota Boychoir?

\_\_\_YES \_\_\_NO

If yes, please describe the proceeding(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

9. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by the Minnesota Boychoir’s Board or a duly constituted committee thereof in accordance with the terms and intent of the Minnesota Boychoir’s conflict of interest policy?

\_\_\_YES \_\_\_NO

If yes, please describe the situation(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

I HEREBY CONFIRM that I have read and understand the Minnesota Boychoir’s conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the Board Chair immediately.

Dated:\_\_\_\_\_

\_\_\_\_\_  
Printed or Typed Name

\_\_\_\_\_  
Signature

Agreement adopted by the Board on January 25, 2017.