

AMERICA'S SECOND HARVEST OF THE BIG BEND CONFLICT OF INTEREST POLICY

INTRODUCTION

Employees and board members have an obligation to conduct business within guidelines that prohibit actual, potential or perceived conflicts of interest. This policy establishes only the framework within which AMERICA'S SECOND HARVEST OF THE BIG BEND (ASHBB) wishes its institution to operate. The purpose of these guidelines is to provide general direction so that employees or board members can seek further clarification on issues related to the subject of acceptable standards of operation.

An actual or potential conflict of interest occurs when an employee or board member is in a position to influence a decision that may result in a personal gain for the employee or for a relative as a result of ASHBB's business dealings. For the purpose of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if an employee has any influence on transactions involving purchases, contracts, or leases, it is imperative that he or she discloses to an officer of the organization as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee, board member, or relative has a significant ownership in a firm with which ASHBB does business, but also when an employee, board member, or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction of business dealings involving ASHBB.

The materials, products, designs, plans, ideas, and data of ASHBB are the property of ASHBB, and should never be given to an outside firm or individual except through normal channels and with appropriate authorization. Any improper transfer of material or disclosure of information, even though it is not apparent that an employee has personally gained by such action, constitutes unacceptable conduct. Any employee who participates in such a practice shall be subject to disciplinary action, up to and including discharge.

REASON FOR STATEMENT

ASHBB as a nonprofit, tax-exempt organization depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the IRS as well as state corporate and tax officials, view the operations of ASHBB as a public trust which is subject to scrutiny by and accountability to such governmental authorities as well as to members of the public.

Consequently, there exists between ASHBB and its board, officers, and management employees 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 ASHBB honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of ASHBB. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with ASHBB or knowledge gained therefrom for their personal benefit. The interests of the organization must have the first priority in all decisions and actions.

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PERSONS CONCERNED IN THIS POLICY

This statement is directed to directors, officers, and all employees who can influence the actions of ASHBB. For example, this would include all who make purchasing decisions, all other persons who might be described as "management personnel," and all who have proprietary information concerning ASHBB.

AREAS IN WHICH CONFLICT MAY ARISE

Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to ASHBB.
2. Persons and firms from whom ASHBB leases property and equipment.
3. Persons and firms with whom ASHBB 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 ASHBB.
6. Agencies, organizations, and associations which affect the operations of ASHBB.
7. Family members, friends, and other employees.

NATURE OF CONFLICTING INTEREST

A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned in Section 3. Such an interest might arise through:

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

INTERPRETATION OF THIS STATEMENT OF POLICY

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the trustees, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material enough to be of

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practical importance, or if material that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to the interests of ASHBB.

However, it is the policy of the board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of board, officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures known..

DISCLOSURE POLICY AND PROCEDURE

Disclosure should be made according to the ASHBB standards. Transactions with related parties may be undertaken only if all of the following are observed:

1. A material transaction is fully disclosed in the audited financial statements of the organization;
2. The related party is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The organization's board has acted upon and demonstrated that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the chief executive (or if she or he is the one with the conflict, then to the board chair), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the board chair.

Disclosure involving directors should be made to the board chair, who shall bring these matters, if material to the board.

The board shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to ASHBB. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of XYZ and the advancement of its purpose.

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DISCLOSURE STATEMENT

Preliminary note: 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. For purposes herein, these persons are termed "affiliated persons" and include the following:

- a. any immediate family member,
- b. any corporation or organization of which you are an officer or a partner or are, directly or indirectly, the beneficial owner of 10 percent or more of any class or equity securities, or
- 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.

1. NAME (please print)

2. CAPACITY:

- _____ board of directors
- _____ advisory council member
- _____ committee member
- _____ staff
- _____ other, specify: _____

3. Have you or any of your affiliated persons provided services or property to ASHBB in the past year?

_____ YES _____ NO

If yes, please describe the nature of the services or property:

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

_____ YES _____ NO

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If yes, please describe the purchased services or property:

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

_____YES _____NO

If yes, describe the transaction(s):

6. Were you or any of your affiliated persons indebted to pay money to ASHBB at any time in the past year (other than travel advances or the like)?

_____YES _____NO

If yes, please describe the indebtedness:

7. In the past year, did you or any of your affiliated persons receive, or are entitled to receive, directly or indirectly, any personal benefits from, or as a result of your relationship with ASHBB, 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 ASHBB?

_____YES _____NO

If yes, please describe the benefit:

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

_____ YES _____ NO

If yes, please describe the proceeding(s):

9. Are you aware of any other events, transactions, arrangements or other situations that you believe should be examined by ASHBB's board or the executive committee in accordance with the terms and intent of ASHBB's conflict of interest policy?

_____ YES _____ NO

If yes, please describe the situation(s):

10. Is this your initial ASHBB conflict of interest disclosure form?

_____ YES _____ NO

If **no**, please describe any change(s) which have occurred since you last completed this form that may be deemed a conflict of interest or may have the appearance of conflict of interest:

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I HEREBY CONFIRM that I have read and understand ASHBB's conflict of interest policy and that my responses to the above questions are complete and correct.

Signature

Date