

# **Bevo Neighborhood Association Conflicts of Interest Policy**

## **Article I** **Purpose**

The purpose of this policy is to protect the interests of Bevo Neighborhood Association, a Missouri non-profit corporation (“Bevo Neighborhood Association”) when it is contemplating entering into a Transaction which might benefit the personal, business, or professional interests of a director or officer of Bevo Neighborhood Association, or when it might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to non-profit organizations.

## **Article II** **Definitions**

1. Interested Person means any director or officer who has a direct or indirect Financial Interest in a proposed Transaction.
2. Transaction means any arrangement involving the exchange of one thing of value for another thing of value which occurs between Bevo Neighborhood Association and one or more other parties. Examples of Transactions include the purchase of event supplies and space rental fees.
3. Disinterested Directors means the Bevo Neighborhood Association directors excluding an Interested Person.
4. Financial Interest means any situation where a director or officer (directly or indirectly and whether through business, investment, family, or otherwise) has:
  - (i) an ownership or investment interest in any entity with which Bevo Neighborhood Association has a Transaction;
  - (ii) a compensation arrangement (including direct and indirect remuneration and gifts or favors which are not insubstantial) with Bevo Neighborhood Association or with any entity or individual with which Bevo Neighborhood Association has a Transaction; or
  - (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Bevo Neighborhood Association is negotiating a Transaction.

### **Article III** **Procedures**

1. **Duty to Disclose:** With respect to any proposed Transaction in which a conflict of interest may be present, an Interested Person must disclose any Financial Interest that he or she has regarding the proposed Transaction.

2. **Determining Whether a Conflict of Interest Exists:** When a potential conflict of interest has been identified, the following procedure shall be followed:

- (i) The Interested Person shall disclose his or her Financial Interest and all material facts related to such Financial Interest.
- (ii) The Disinterested Directors shall discuss the disclosure with the Interested Person, if desired.
- (iii) The Interested Person shall leave the meeting.
- (iv) The Disinterested Directors shall decide whether a conflict of interest exists. The minutes of the meeting should reflect the disclosure of the Financial Interest and the absence of the Interested Person during discussion and voting.

3. **Procedures for Addressing a Conflict of Interest:** If it is determined that a conflict of interest exists, the following procedure shall be followed:

- (i) After exercising appropriate due diligence (including the investigation of alternatives to the proposed Transaction, if appropriate), the Disinterested Directors shall determine whether Bevo Neighborhood Association can obtain with reasonable efforts a more advantageous Transaction from a person or entity that would not give rise to a conflict of interest.
- (ii) If a more advantageous Transaction is not reasonably possible under circumstances which would not produce a conflict of interest, the Disinterested Directors shall determine whether to authorize the proposed Transaction.
- (iii) If no other more advantageous alternative Transaction is reasonably possible under the circumstances, the Disinterested Directors may vote to authorize the proposed Transaction if the proposed Transaction is (a) in Bevo Neighborhood Association's best interest, (b) for Bevo Neighborhood Association's own benefit, and (c) fair and reasonable.

4. **Violations of the Conflicts of Interest Policy:** If the directors have reasonable cause to believe an individual has failed to disclose a potential conflict of interest, they shall inform the individual of the basis for such belief and afford him or her the opportunity to explain the alleged

failure to disclose. If, after hearing the response, the directors determine that the individual has failed to disclose a potential conflict of interest, they shall take appropriate disciplinary and corrective action.

#### **Article IV** **Records of Proceedings**

The minutes of the directors shall contain: (i) the names of the persons who disclosed or were otherwise found to have a Financial Interest, any action taken to determine whether a conflict of interest was present, and the decision as to whether a conflict of interest existed; and (ii) the names of persons present for discussions or votes relating to the proposed Transaction, the content of the discussion (including any alternatives to the proposed Transaction), and any votes taken.

#### **Article V** **Compensation**

Per the corporation's bylaws, directors of Bevo Neighborhood Association will not receive any compensation for their services. Directors may, however, by resolution of the Board or pursuant to a written policy, be reimbursed for reasonable expenses incurred in performing their duties.

#### **Article VI** **Periodic Reviews**

To ensure that Bevo Neighborhood Association operates in a manner consistent with its charitable and educational purposes and does not engage in activities which could jeopardize its tax-exempt status, the directors shall cause to be conducted periodic reviews, which reviews shall include the following subjects:

- (i) Whether compensation arrangements and benefits are reasonable and are the result of arm's length bargaining; and
- (ii) Whether arrangements with management organizations (if any) conform to Bevo Neighborhood Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or an excess benefit transaction.