

Marion Fire Auxiliary Inc.

Conflict of Interest Policy

Policy adopted by the Board of Directors on November 6, 2017

Purpose

This policy exists to protect MFA's interests when it contemplates entering into a transaction or arrangement that might benefit the private interests of an MFA director, officer, or person with Board-delegated powers, or might result in a possible excess benefit transaction. This policy is based on the IRS Conflict of Interest model policy, which is an attachment to Form 1023, Application for Tax Exempt Status, and provides information needed for answers to Form 990, Return of Organization Exempt from Income Tax.

Definitions

Conflict of Interest

A *conflict of interest* occurs when the personal, professional, or financial interests of a director, officer, or person with Board-delegated powers conflicts with the interests of MFA.

Financial Interest

A person has a *financial interest* if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which MFA has a transaction or arrangement,
- A compensation arrangement with MFA or with any entity or individual with which MFA has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which MFA is negotiating a transaction or arrangement.

Compensation

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Nonfinancial Interest

Nonfinancial interests are issues that might influence participation or vote in an action, to include personal, political, religious, friendship, or personal relationships that might be affected by an action MFA is contemplating taking.

Financial and nonfinancial interests do not necessarily create a conflict of interest.

Duty to Disclose

Regarding any actual or possible conflict of interest, in annually in a written statement, and as individual interests arise, directors, officers, and persons with Board-delegated powers must disclose the existence of any financial and nonfinancial interests that might conflict with MFA actions and be given the opportunity to disclose all material facts to the Board.

Recusal

Any director, officer, or person with Board-delegated powers may recuse himself or herself at any time from involvement in any decision or discussion in which that person believes s/he has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

Procedures for Addressing a Potential Conflict of Interest

1. An interested person may make a presentation at the Board meeting, but after the presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction, arrangement, or other matter involving the possible conflict of interest.
2. The Board 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 shall determine whether MFA can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a financial conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a financial conflict of interest, the Members shall determine by a majority vote whether the transaction or arrangement

is in MFA's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

Violations of the Conflicts of Interest Policy

If the Board has reasonable cause to believe a director, officer, or Member with Board-delegated powers has failed to disclose actual or possible conflicts of interest, it shall inform that person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall call for Members to vote on the corrective action to be taken.

Records of Proceedings

The minutes of the Board and all committees with Board-delegated powers shall contain:

- The names of the persons who disclosed or otherwise were found to have a financial interest relating to an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the decision as to whether a conflict of interest in fact existed.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken relating to the proceedings.

Annual Written Statements

Each director, officer and Member with Board-delegated powers shall annually sign a statement which affirms that person:

- Has received a copy of the conflict of interest policy,
- Has read and understands the policy,
- Has agreed to comply with the policy, and
- Understands MFA is charitable and, to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

If at any time during the year, the information in the annual statement changes materially, the director, officer, or Member with Board-delegated powers shall revise the annual disclosure form.

The Board shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.