

Freeport Community Foundation
Conflict of Interest/Code of Conduct Policy
For Directors, Officers, Staff and Committee Members

This policy covers any and all management, committee members and volunteers, employees, and members of the Board of Directors of the Freeport Community Foundation, along with the members of their immediate families living in the same residence.

A conflict of interest is present whenever a director, officer, staff, volunteer or committee member of the Freeport Community Foundation has a direct or indirect financial or personal interest in a proposed transaction. Such transactions may include, but are not limited to, services provided by the Foundation to fund holders, grants given to charitable organizations on which the director, officer, staff, volunteer or committee member also serves as an employee, officer or director, purchase of services and/or tangibles from a vendor, and/or access to specialized or privileged information which can be used for personal gain.

Under the restrictions of the Internal Revenue Code as applied to exempt organizations, no part of the net earnings of the Freeport Community Foundation can inure to the benefit of any private individual. Only private benefits that are incidental to the public benefits derived from an act are permitted, and in those instances, proper disclosure must be made.

Illinois Not-For-Profit Corporation Law provides that transactions between (i) a not-for-profit organization such as the Freeport Community Foundation and (ii) any corporation, firm, association, or other entity, in which a trustee, officer or committee member has an interest, while not prohibited outright, are nonetheless subject to question. In a proceeding questioning the validity of such a transaction, the party involved in the transaction has the burden of proving fairness unless (a) the material facts and the party's interest or relationship were disclosed, and (b) such party abstains from any involvement in approving or satisfying the transaction.

Therefore, in accordance with this law, the Freeport Community Foundation requires its directors, officers, staff, volunteers and committee members to disclose all interests that they, a family member (which for purposes of this Policy shall include a spouse, parents, sibling, child and any other relative residing in the same household), or business partner or associate have in other profit or not-for-profit entities where it is foreseeable that the Foundation may enter into a contract or award a grant or have other business or financial dealings with the entity. This shall include, but not be limited to, financial interests, officerships, directorships and other similar substantial interests in such entities.

Directors, officers, staff, volunteers and committee members of the Freeport Community Foundation are asked to maintain independence, objectivity, and confidentiality and to do what a sense of fairness, ethics, and personal integrity dictate even though not necessarily obliged to do so by law, regulation or custom. Further, all such individuals must act in this regard and if a conflict is noted, the committee member shall refrain from participating in any discussion on such matters, voting, and if appropriate shall withdraw from the meeting.

In order to avoid even the appearance of a conflict of interest that might embarrass the Board of the Foundation, directors, officers, staff, volunteers and committee members must disclose any actual or possible conflicts, and the nature thereof, to the President of the Board and to the Executive Director of the Foundation annually, or as such situations may arise.

Freeport Community Foundation will annually update its conflict of interest records.

**FREEPORT COMMUNITY FOUNDATION
CONFLICT OF INTEREST STATEMENT
FOR THE PERIOD 20__**

NAME _____

AFFIRMATION: I have read the Freeport Community Foundation Conflict of Interest Policy dated 7/17/14. I understand its provisions and I hereby affirm that, during the period indicated above, I have not, to the best of my knowledge and belief, been in a position of possible conflict of interest, **except as** indicated below:

BUSINESS AND PROFESSIONAL ACTIVITIES IN WHICH I OR AN IMMEDIATE FAMILY MEMBER (which for purposes of this Policy shall include a spouse, parents, sibling, child and any other relative residing in the same household), HOLD AS AN OWNER, OFFICER, BOARD MEMBER, PARTNER, EMPLOYEE OR OTHER BENEFICIARY POSITION AS OF _____:

<u>NAME OF BUSINESS/ORGANIZATION</u>	<u>POSITION HELD/BY WHOM</u>
_____	_____
_____	_____
_____	_____
_____	_____

OTHER NOT-FOR-PROFIT ORGANIZATIONS WITH WHICH I OR A FAMILY MEMBER IS ASSOCIATED AND WHICH MIGHT REASONABLY EXPECT TO APPLY FOR A GRANT FROM THE FREEPORT COMMUNITY FOUNDATION:

<u>NAME OF ORGANIZATION</u>	<u>POSITION HELD/BY WHOM</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

OTHER ACTIVITIES WHICH MAY PRODUCE OR BE CONSTRUED AS A POSSIBLE CONFLICT OF INTEREST:

In addition, I recognize the need to maintain confidentiality regarding information I might receive as a director, officer, staff, volunteer or committee member regarding donors, donations and grant making activities of the Freeport Community Foundation.

DATE _____

SIGNATURE _____

Code of Conduct

I. Introduction

The Foundation is a publicly-supported charitable foundation serving the communities of **Stephenson, Jo Daviess and Carroll Counties**, and is dedicated to its mission of expanding private philanthropy in those communities. The Foundation operates with the public trust and strives to maintain the highest code of conduct in all of its operations.

The Foundation recognizes that it can best accomplish its mission when the Board of Directors, volunteer committee members, staff and other groups associated with the Foundation represent the diverse interests, cultures, occupations and expertise of the community. Thus, the Foundation recognizes that members of the Board of Directors and others representing or affiliated with the Foundation will from time to time face possible conflicts of interest or situations in which the appearance of conflict of interest could be detrimental to the Foundation and the communities it serves. The Foundation adopts this Code of Conduct in recognition of its responsibility to the public trust, in recognition of the importance of fairness and objectivity in its conduct of business, as a means of assuring that every decision of the Foundation is made in the Interest of the Foundation and the communities it serves and as a means of publicly codifying its expectations of Board, staff and volunteers, and other serving the Foundation.

This Code of Conduct applies to all persons holding positions of responsibility and trust on behalf of the Foundation, including but not limited to members of the Board of Directors, volunteer Committee members, members of the Boards of Supporting Organizations to the Foundation, and members of the Foundation staff (hereinafter "Members"). This code of Conduct shall be provided to each Member at the time that he or she is asked to serve the Foundation.

II. General Policies and Expectations

Members of the Foundation are expected to commit themselves to ethical and professional conduct. This includes the proper use of authority and appropriate decorum.

Members must represent unconflicted loyalty to the interest of the Foundation. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, business interests, personal interests or paid or volunteer service to other organizations. It also supersedes the personal interest of any staff or volunteer member acting as a consumer or client of the Foundation's services.

It is the policy of the Foundation that no Member shall derive any personal profit or gain, directly or indirectly, by reason of his or her service to the Foundation.

There may be no self-dealing or any conduct or private business or personal services between any member and the Foundation except those conducted in an open and objective manner to ensure equal competitive opportunity and equal access to information.

Board members or volunteer committee members must not use their positions to obtain employment in the Foundation for themselves, family members or close associates. Should a Board or volunteer committee member desire employment, he or she must first resign.

Board and volunteer committee members may not attempt to exercise individual authority over the policies and operations of the Foundation except through their roles as voting members of the

Board or volunteer committees. Staff members may not attempt to exercise individual authority over the policies and operations of the Foundation except through their specific job responsibilities and established supervisory structure.

Board members and volunteer committee members in their interaction with the press and the public must recognize the inability of any individual member of the Board or Committee to speak for the Foundation except as expressly authorized by the Board Chair. Staff members in their interactions with the press and the public must recognize the inability of any individual staff member to speak for the Foundation except as expressly authorized by the Executive Director.

The Foundation will comply with both the letter and spirit of all public disclosure requirements, including the open availability of its Form 990 tax returns. However, all Members must hold strictly confidential all issues of a private nature, including, but not limited to, issues related to private businesses, contributions from individuals, businesses and other private entities, and all personnel matters.

III. Policies on Conflict of Interest

In conducting the affairs of the Foundation, duality of conflict of interest shall be presumed when a person to whom this policy applies or a member of his/her immediate family serves as a trustee, officer, staff member or holder of more than 10% or corporate stock of an affected organization or firm; has a formal affiliation or interest in an affected organization or firm; or could expect financial gain or loss from a particular decision.

Before a staff, Board or volunteer committee member begins his or her service with the Foundation he or she shall file with the Executive Director of the Foundation a list of his or her principal business activities, as well as involvement with other charitable and business organizations, vendors or business interests, or with any other associations that might produce a conflict of interest.

In addition to the disclosure required by the previous paragraph, each Member is under an obligation to the Foundation, to his or her fellow staff or volunteers, and to the community served by the Foundation to inform the Foundation of any position he or she holds or of any business or a vocational activity that may result in a possible conflict of interest or bias for or against a particular grantee, action or policy, at the time such grant, action or policy is under consideration by the Board or any volunteer committee of the Foundation. Any duality or possible conflict of interest on the part of any Member shall be disclosed to the Chair of the Board (in the case of volunteers) or the Executive Director (in the case of staff members) and made a matter of record as soon as the issue in question is raised and a possible conflict is known.

When the Board, committee or staff is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall physically absent herself or himself without comment from not only the vote, but also from the deliberation, unless directly requested by the Chair of the Board or relevant committee to provide factual information or answer factual questions that may assist the Board or Committee in making a wise decision. In no case shall that member vote on such matter or attempt to exert personal influence in connection therewith.

Disclosure and abstention shall be recorded in the minutes of the meeting(s) at which the issue is discussed and decided.

In any situation not specifically covered by the previous sections of this policy, Members shall consider carefully any potential conflict of their personal interests with the interests of the

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Foundation and refrain from any action that might be perceived as an actual or apparent conflict of interest.