



California Native Grasslands Association
Conflict of Interest Policy
Approved: 3/24/2015

The purpose of this Conflict of Interest Policy is to protect the interests of the California Native Grasslands Association (CNGA) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of CNGA or 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 nonprofit and charitable organizations.

Definitions

Interested Person. Any director, principal officer, or member of a committee with CNGA Board of Directors-delegated powers, who has a direct or indirect financial interest, as defined below.

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

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

A financial interest is not necessarily a conflict of interest. Under the provisions of this Policy, a person who has a financial interest may have a conflict of interest only if the CNGA Board of Directors or a CNGA Committee decides that a conflict of interest exists.

Procedures

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to CNGA's Executive Committee.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the CNGA Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest

1. An interested person may make a presentation at the CNGA Executive Committee meeting, but after the presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
2. The CNGA President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the CNGA Executive Committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement 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 possible under circumstances not producing a conflict of interest, the CNGA Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association'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 Conflict of Interest Policy

1. If the CNGA Executive Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the CNGA Executive Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the CNGA Executive Committees shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with 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 CNGA Board of Directors' or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

- a. A voting member of the CNGA Board who receives compensation, directly or indirectly, from CNGA for services is precluded from voting on matters pertaining to that member's compensation.
- b. No voting member of the CNGA Board of Directors whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from CNGA, either individually or collectively, is prohibited from providing information to any CNGA committee regarding compensation.

Annual Statements

Each CNGA Board Member shall annually sign a statement which affirms such person:

1. Has received a copy of the Conflict of Interest Policy;
2. Has read and understands the Policy;
3. Has agreed to comply with the Policy; and
4. Understands the Association is charitable, and in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure that CNGA operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to CNGA's written policies, are properly recorded, reflect reasonable investments or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.