

DUPAGE AREA MOMS

CONFLICT OF INTEREST POLICY

ARTICLE I

Purpose

The purpose of this conflict of interest policy (the “Policy”) is to protect the interest of Dupage Area Moms, an Illinois not-for-profit corporation (the “Corporation”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in possible excess benefit transaction. This Policy is intended to supplement but not replace applicable provisions of the by-laws of the Corporation, as amended from time to time, and any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

ARTICLE II

Definitions

1. **Interested Person**

Any director, principal officer, or member of a committee with powers delegated by the Board of Directors (the “Board”), who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest**

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

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

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

A financial interest is not necessarily a conflict interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board or authorized committee decides that a conflict of interest exists.

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ARTICLE III

Procedures

1. **Duty of 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 that Board and any authorized committee considering the proposed transaction or arrangement.

2. **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 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.

3. **Procedures of Addressing a Potential Conflict of Interest**

- a. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The Board in its discretion may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. The Board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Violations of the Conflict of Interest Policy**

- a. If the Board or authorized committee has reasonable cause to believe a director or officer or committee member has failed to disclose actual or possible conflicts of interest, it shall inform the director, officer or committee member of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose
- b. If, after hearing the response of the director, officer or committee member and after making any further investigation as reasonably warranted by the

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circumstances, the Board or authorized committee determines the director, officer or committee member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV

Records of Proceedings

The minutes of any meeting of the Board or authorized committee shall contain:

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

ARTICLE V

Compensation

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

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ARTICLE VI

Written Statements

Each director, officer and committee member shall sign a statement which affirms that such person:

- a. Has received a copy of the Policy, as it may be amended from time to time,
- b. Has read and understands Policy,
- c. Agrees to comply with the Policy and
- d. Understands that the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes.

ARTICLE VII

Periodic Reviews

To ensure the Corporation 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 minimum, include the following subjects:

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

ARTICLE VIII

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing Board of its responsibility for ensuring periodic reviews are conducted.

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