

Conflict of Interest Policy

For the Semper Fi Flo Foundation Board of Directors

1. Purpose

The purpose of this Conflict of Interest Policy is to protect the integrity of Semper Fi Flo Foundation (the “Organization), a tax-exempt organization under Internal Revenue Code §501(c)(3) and a non-profit corporation organized in Minnesota under Minn. Stat. §317A, by ensuring that decisions are made in the best interest of the organization and not influenced by personal or financial interests. This policy is intended to comply with IRS requirements applicable to organizations that file Form 990 and regulations under Minn. Stat. §317A.255.

This policy is intended to comply with Internal Revenue Service governance expectations, including those reflected in Form 990.

2. Covered Persons

This policy applies to:

- Board members
- Officers
- Committee members
- Staff and volunteers who participate in decision-making
- Any individual designated by the Board as having influence over Organization operations including

These individuals are referred to collectively as “**Interested Persons.**”

3. Definition of a Conflict of Interest

A **conflict of interest** arises when an Interested Person has a personal, financial, or other interest that could improperly influence their decisions on behalf of the organization.

A conflict of interest also includes situations that may create the **appearance of a conflict**, meaning circumstances in which a reasonable person could question whether an Interested Person’s judgment or actions were influenced by personal, financial, or family interests, even if no actual conflict exists.

Conflicts include, but are not limited to:

- A direct or indirect financial interest in a vendor, contractor, or service provider the Organization may engage.
- Compensation agreements with the Organization (including employment, consulting, or contracted services).
- Family relationships with individuals or businesses involved in Organization transactions. A Family member includes a spouse, domestic partner, parent, child, sibling, in-law, or any individual sharing the same household.

- Situations where personal interests may be perceived to interfere with objective judgment.

A **financial interest** exists if the person (or their family member) has:

- An ownership or investment interest
- A compensation arrangement
- A potential future financial benefit from a transaction involving the Organization.

Having a conflict does not imply wrongdoing, but such conflicts must be disclosed and managed appropriately.

4. Duty to Disclose

All Interested Persons must disclose:

- Any actual or potential financial interest
- Any relationships that could reasonably result in a conflict
- Any situation in which impartiality might be questioned

Disclosures must be made:

1. **Annually**, through the Conflict of Interest Disclosure Form, and
2. **Immediately**, if a new potential conflict arises, reportable to Board Secretary.

5. Determining Whether a Conflict Exists

After disclosure:

1. The Interested Person may provide additional information but must leave the meeting during the discussion and vote.
2. The remaining disinterested Board members determine whether a conflict exists by simple majority vote.

The conflicted person may not attempt to influence discussion informally.

6. Procedures for Addressing a Conflict

If a conflict is determined to exist, the Board will:

1. Review alternatives to the proposed transaction or arrangement.
2. Determine whether the Organization can obtain a more advantageous arrangement that avoids the conflict.
3. If no better alternative exists, the Board may approve the transaction **only if** it is:
 - In the Organizations's best interest
 - Fair and reasonable
 - Compliant with IRS rules for tax-exempt organizations
 - Approved by disinterested directors only

Board approval must be documented in the minutes, including:

- The nature of the conflict

- The decision-making process
- Any comparability data used (e.g., quotes from other vendors)

7. Compensation Procedures (If Applicable)

A Board member who receives compensation from the Organization (e.g., employee, director, consultant):

- May not vote on matters related to their own compensation.
- May respond to factual questions from the Board but must abstain from deliberation.
- May not be approved retroactively.

8. Records and Minutes

Meeting minutes must reflect actions taken in governance and compliance, not personal details:

- Disclosure of the conflict
- Absence of the conflicted person during deliberation
- Board analysis of alternatives
- Final decision and voting results

Minutes should not include names, personal financial data, detailed explanations of relationships. Any discussions documented by meeting minutes are not to include or publish sensitive personal details, except as required by law or as necessary for audit or legal purposes.

9. Annual Statements

Each Interested Person must sign an **Annual Conflict of Interest Disclosure** stating that they:

- Have received and read the policy
- Understand and agree to comply with it
- Disclose any potential conflicts annually and as they arise

The Organization makes an annual attestation on its 990 report, a public-facing document, that it maintains a written conflict of interest policy. However, all disclosures are confidential records of the Organization.

10. Violations of the Policy

If the Board believes an Interested Person failed to disclose a conflict:

1. The Board will notify the individual and allow them to respond.
2. If the Board finds a violation occurred, it may take corrective action, including removal from a position, suspension of voting rights, or termination of a contract, employment or volunteer role. Any removal actions will also align with procedures in the Organization's bylaws.

11. Use of Outside Experts

The Board may engage legal or financial advisors when evaluating potential conflicts. Their use does not remove the Board's responsibility to make the final decision.

Annual Conflict of Interest Disclosure Form

Semper Fi Flo Foundation

I, _____, acknowledge that:

1. I have received, read, and understand the Semper Fi Flo Foundation Conflict of Interest Policy.
 2. I agree to comply with the policy.
 3. I disclose the following relationships, financial interests, family connections, or business dealings that may give rise to a conflict (attach additional pages if needed):
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I have no relationships or interests to disclose.

Signature: _____

Date: _____
