



CONFLICT OF INTEREST AND ETHICS POLICY

OF

THE YOLO COUNTY LIBRARY FOUNDATION

A California Nonprofit Public Benefit Corporation

ARTICLE I. INTRODUCTION AND PURPOSE

The Yolo County Library Foundation (“Foundation”) requires its directors, officers, employees and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Board of Directors (“Board”) of the Foundation, recognizing that it is entrusted with resources devoted to charitable purposes, has adopted this Conflict of Interest and Ethics Policy (“Policy”). The purpose of this Policy is to protect the Foundation’ interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or other person in a position of authority within the Foundation. The Foundation strives to avoid conflicts of interest to ensure that it continues to operate in accordance with its tax-exempt purpose. This Policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

ARTICLE II. DEFINITIONS

Section 1. Duty of Loyalty of Interested Persons.

Conflicts of interest can place personal interests at odds with the fiduciary “duty of loyalty” owed to the Foundation. The duty of loyalty requires that all Interested Persons refrain from using his or her position for personal gain, and avoid acting on issues in which his or her personal or financial interests could conflict with the interests of the Foundation. “Interested Persons” include anyone that is a Board Member, director, manager, principal officer, or member of a committee with governing board-delegated powers.

Section 2. Direct and Indirect Conflicts of Interest.

Conflicts of interest arise from personal relationships or from a financial interest. Conflicts can arise either directly or indirectly. A direct conflict can arise where an Interested Person has a personal or financial interest in any matter involving the Foundation or has a financial or agency relationship (i.e., is a director, officer, manager, partner, associate, trustee, or has a similar agency relationship) with an entity involved in a transaction or other business with the Foundation. An indirect conflict can arise where someone related to an Interested Person by business affiliation, or a “Family Member” (spouse, parents-in-law, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren) of the Interested Person has dealings with the Foundation. By way of example, an Interested Person has a financial interest if such person has, directly or indirectly, through business, investment or a Family Member:

- (a) an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
- (b) a compensation arrangement with the Foundation or with any entity or individual with which the Foundation 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 Foundation is negotiating a transaction or arrangement.

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

Section 3. Potential and Actual Conflicts of Interest.

Acts that mix the personal or financial interests of an Interested Person with the interests of the Foundation are indicative of a conflict of interest. Not every potential conflict is an actual conflict, however. An Interested Person who has a financial interest in a matter involving the Foundation may have a conflict of interest requiring application of the mitigating procedures described in this policy. However, acts that even have the appearance of a conflict of interest can be damaging to the reputation of the Foundation. Consequently, the Foundation seeks to avoid potential and actual conflicts of interest, as well as the appearance of conflicts.

Section 4. Disclosure.

The primary obligation of any person subject to this Policy who may be involved in a conflict of interest situation is to bring it to the attention of the Board Chair or their designee so that the potential conflict can be evaluated and addressed. An Interested Person should not make the decision about whether a conflict of interest exists unilaterally.

ARTICLE III. PROCEDURES TO DISCLOSE AND RESOLVE CONFLICTS

Section 1. Duty to Self-Disclose.

- (a) An Interested Person shall make an appropriate disclosure of all material facts, including the existence of any financial interest, at any time that any actual or potential conflict of interest or ethical question arises.
- (b) All new Interested Persons shall make an initial disclose any on-going relationships and interests that may present a conflict of interest.
- (c) In addition, Interested Persons shall make an annual disclosure of on-going relationships and interests that may present a conflict of interest.

Section 2. Disclosure of Conflicts of Others.

If an Interested Person becomes aware of any potential conflict of interest involving another Interested Person, he or she should report it to the Board Chair or their designee.

Section 3. Evaluation of Potential Conflict.

In the event of a potential conflict:

- (a) The Board Chair will appoint a decision making body to review all material facts and conduct any needed follow-up discussion with the Interested Person. The decision making body will then determine on a case-by-case basis whether the disclosed activities constitute an actual conflict of interest. Factors the decision-making body may consider when determining whether an actual conflict exists include:

- i. the proximity of the Interested Person to the decision-making authority of the other entity involved in the transaction,
 - ii. whether the amount of the financial interest or investment is *de minimis* relative to the overall financial situation of the Foundation, and
 - iii. the degree to which the Interested Person might benefit personally if a particular transaction were approved.
- (b) In all circumstances where it is determined that an actual conflict of interest exists, the Board Members will recommend an appropriate course of action to protect the interests of the Foundation. All disclosures and the outcome of the deliberation about whether a conflict of interest exists will be recorded in the meeting minutes.

Section 4. Interlocking Directorships.

Section 5234 of the California Corporations Code permits transactions between Corporations having common directors so long as all material facts regarding the transaction and the relevant directorships are known to the respective boards of directors, and the matters are approved in good faith by a vote sufficient without counting the vote of the common director(s).

ARTICLE IV. ANNUAL STATEMENTS

Each person subject to this Policy shall annually sign a statement on the conflict of interest disclosure form (“Conflict of Interest Disclosure Form,” attached as **Schedule 1**) or such other form as the Board adopts, which at a minimum affirms that such person:

- (a) has received a copy of the Policy;
- (b) has read and understands the Policy;
- (c) has agreed to comply with the Policy; and
- (d) understands 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.

In addition, Interested Persons shall make an annual disclosure of on-going relationships and interests that may present a conflict of interest. Disclosures should address current affiliations, as well as past affiliations for the prior two years. Conflict of interest disclosure forms will be submitted to the Board Chair on election to the Board and then annually.

ARTICLE V. CODE OF ETHICS

Section 1. Code of Ethics.

In conducting business and activities which are connected with the Foundation, an Interested Person shall follow these guidelines:

- (a) **Ethical Conduct.** Be honest and ethical in his or her conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships. An Interested Person should not engage in activities which have or may have the appearance of impropriety or conflict of interest, or that may call into question the actions or integrity of the Foundation, or of the Interested Person as he or she relates to the Foundation.
- (b) **Legal Compliance.** Comply with applicable laws and regulations, including the California Nonprofit Integrity Act of 2004, and report his or her concerns to the Board Chair or their designee if it appears that any other director, officer, employee or contractor of the Foundation is not complying with applicable laws or regulations with respect to the Foundation' business.
- (c) **Confidentiality.** Maintain the confidentiality of all internal information about the Foundation, including its donors, clients and beneficiaries, except when authorized or otherwise legally obligated to disclose such information.
- (d) **Fair Dealing.** Deal fairly with the Foundation' staff, County staff, donors, volunteers, beneficiaries and suppliers.
- (e) **Protect Assets.** Protect and ensure the proper use of the Foundation' assets, including, its name, goodwill, donor community and reputation.
- (f) **Personal Influence.** Be mindful of the interaction between his or her relationships inside and outside of the Foundation, and not allow inappropriate personal influence over the affairs of the Foundation.

- (g) **Commitments.** Do not “speak for” the Foundation or make or imply commitments by the Foundation without proper authorization and communication.

- (h) **Loans.** The Foundation should not make loans to Interested Persons except to induce persons who have been offered a position to join the Foundation, as approved by the Board.

CONFLICT OF INTEREST AND ETHICS POLICY

SCHEDULE 1: CONFLICT OF INTEREST DISCLOSURE FORM

The undersigned, as a director, manager, principal, officer, or member of a committee with governing board-delegated powers, of the **Yolo County Library Foundation** (“Foundation”), acknowledges that:

1. he or she has received a copy of the Foundation’s Conflict of Interest Policy (“Policy”);
2. he or she has read and understands the Policy;
3. he or she has agreed to comply with the Policy;
4. he or she understands the Foundation is charitable organization 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; and
5. the following on-going relationships and interests may present a conflict of interest: *(disclosures should address current affiliations, as well as past affiliations for the prior two years, and should include all of the following: the undersigned’s employer, all Corporations (nonprofit and for-profit) of which the undersigned is a board member or officer, and the names of such of the undersigned’s Family Members or business affiliates or any other relationships the undersigned has which the undersigned believes may present a potential conflict).*

Name: _____

Title: _____

Signature: _____

Date: _____