

(Approved by Board of Directors on 8/1/19)

1.10 Conflicts of Interest

Purpose:

The Community Foundation of Central Illinois (“CFCI” or “the Foundation”) consistently follows a policy of avoiding any conflict of interest, or the appearance of any conflict of interest, on the part of its board members, committee members, officers, employees and volunteers (each is considered an “Interested Party”). The policy applies to all aspects of CFCI’s operations including, but not limited to, transactions and arrangements that may potentially benefit the private interest of any Interested Party. This policy is intended to supplement but not replace any applicable law affecting conflicts of interest.

Principle:

Introduction: The Foundation is a publicly supported charitable foundation dedicated to its mission of expanding private philanthropy in the communities it serves. The Foundation operates within the public trust and strives to maintain the highest code of conduct in all 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 Policy 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 others serving the Foundation.

This Conflict of Interest Policy 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, members of board committees who are not members of the board, volunteer committee members, members of the boards of supporting organizations to the Foundation, and members of the Foundation staff (hereinafter “members”). This Policy shall be provided to each member at the time that he or she is asked to serve the Foundation.

Definition of Conflict of Interest: A conflict of interest may be deemed to exist whenever an Interested Party is in the position to approve or influence CFCI’s policies or actions which could involve, ultimately harm or financially benefit:

- the individual;
- any members of the individual’s family (spouse, parents, children, siblings and the spouses of these persons) (a “Family Member”); or
- any organization in which the individual, or an immediate family member, has a substantial financial interest, or is a director, trustee, officer, member, partner or employee.

Types of Conflicts of Interest: Conflicts of interest may be of varying forms or degrees and may be real or apparent. In general, they arise when a board member, committee member, officer, employee or volunteer or a Family Member of any such person is affiliated with or related to:

- a person or organization seeking a grant or scholarship from CFCI;
- a provider of professional services or supplies to CFCI;
- another person or organization that might be seeking contributions from a CFCI donor or prospect at the same time as CFCI.

In that CFCI’s business from time to time may require Interested Parties to engage in social or networking activities or entertainment, each should exercise his or her best judgment when accepting personal gifts or entertainment from applicants, grantees or vendors, and should raise any questions beforehand about the appropriateness of such gifts or activities with the CEO (or, in the case of the CEO or board members, with the Chairman of the Board of Directors).

Additionally, Interested Parties should refrain from:

- using proprietary or confidential CFCI information for personal gain or CFCI’s detriment;
- having a direct or indirect financial interest in an activity undertaken by CFCI or an applicant or grantee;
- using CFCI assets or labor for personal use; or
- representing that CFCI will give financial or other support to any outside activity, organization or individual, unless the request for such support has already been processed through the proper channels and has been approved by the Board.

CFCI believes that Interested Parties should not be inhibited solely because of potential conflicts of interest. In fact, CFCI believes that conflicts of interest can best be handled through full disclosure of such interests, together with noninvolvement in any vote where such a conflict exists.

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 of 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 CEO.

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.

Policies on Conflict of Interest: In conducting the affairs of the Foundation, duality or 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% of 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 CEO 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 CEO (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 Foundation and refrain from any action that might be perceived as an actual or apparent conflict of interest.

Examples of Appropriate Actions: The following are examples of appropriate actions under this Conflicts of Interest policy:

Example 1. An officer or other paid employee of a bank or other financial institution who is also a board or finance committee member of the Foundation should inform the chair of the board of his or her potential conflict of interest and abstain from discussing or voting on the retaining, employing or dismissing of his or her financial institution as an investment manager of the foundation.

Example 2. A board or distributions committee member who is also a board, staff or committee member of a proposed grantee should inform the chair of his or her conflict of interest and abstain from voting on or discussing any motion for or against the proposed grant, except as expressly requested by the chair to provide factual information or answer factual questions that would be useful to the board or committee in making its decisions. If several grants are being voted upon concurrently, the Board or committee member must voice his or her conflict of interest to the chair before the vote so that a vote on the grant with which there is a conflict may be taken separately.

Example 3. A Board or Committee member whose personal financial interests could be positively or adversely affected by the Foundation's accepting, holding or disposing of a particular gift from a donor or by knowledge of the gift should inform the chair of his or her potential conflict of interest; refrain from seeking, obtaining or reviewing

non-public information about the gift; and abstain from discussing or voting on acceptance of the gift.

Duties of the Board Chair and the CEO: The chair of the board shall be responsible for the application and interpretation of these policies as they relate to board members, volunteer committee members or the CEO. The CEO shall be responsible for the application and interpretation of the above policies as they relate to members of the Foundation's staff.

Duties of Members: Each board member has the affirmative responsibility to report to the board chair (in the case of concerns related to board or committee members or the CEO) or to the CEO (in the case of concerns related to members of the staff) all knowledge of any action or conduct that appears to be contrary to this Policy.

Procedure:

Disclosure: Each Interested Party is requested to provide annually, a statement of disclosure to the CEO which shall include a list of offices and directorships he or she holds in charitable and business organizations, and to identify his or her place of employment or principal business activity. Interested Parties are expected to disclose a potential conflict of interest:

- prior to voting on a matter or otherwise discharging his or her duties;
- prior to entering into any contract which is subject to approval by the Board or any committee; and
- as soon as possible after the individual learns of a conflict of interest in any other context.

Disclosure should be made to the CEO, Chairman of the Board of Directors, or in the case of a committee, to the chairperson of that committee. Whenever appropriate, the minutes of the meeting should reflect that appropriate disclosure was made and that the interested individual abstained from voting.

Determination of a Conflict of Interest: Determination of an actual conflict of interest shall be made by the entity receiving notice of the potential conflict or by any such entity that is entitled to notice. The person having a potential conflict shall not participate in the determination of an actual conflict and should be excused from any proceeding to evaluate the potential conflict.

Capacity of Serving with Other Organizations: No employee of CFCI shall serve as a trustee, director or officer of, or hold a visible leadership position in a community-wide fundraising campaign, or in any other official capacity with any organization or institution which has received a grant in the past or might reasonably be expected to apply for a grant in the future from CFCI, unless such participation has been specifically authorized by the Board of Directors.

Questions and Concerns: Any questions or concerns that any Interested Party may have regarding whether a conflict of interest exists, whether an affiliation with another nonprofit organization violates this policy, or otherwise is uncertain about the appropriate behavior in a given situation should seek guidance from the CEO or Chairman of the Board of Directors, as appropriate.

Reporting Forms: Upon request, Interested Parties shall acknowledge receipt of this Policy and shall reaffirm, at least annually, their understanding and compliance with the Policy. CFCI shall provide a format for this purpose; please refer to the CFCI Conflict of Interest and Confidentiality form.

Enforcement: Failure to disclose a conflict of interest may result in disciplinary action up to and including termination of employment or removal from the Board of Directors or a committee, as appropriate.