

**PHOENIX DIOCESAN COUNCIL OF THE  
SOCIETY OF ST. VINCENT de PAUL DIOCESE OF PHOENIX**

**CONFLICT OF INTEREST POLICY**

**1. Mission**

The mission of the Phoenix Diocesan Council of the Society of St. Vincent de Paul Diocese of Phoenix is to offer person-to-person service to the needy and suffering regardless of race, origin, religion or gender. Inspired by Gospel values, the Society encourages the spiritual growth of its members, volunteers, the people they serve, and benefactors; encourages fellowship while serving those in need; and provides an opportunity for others to serve those in need.

The purpose of the conflict of interest policy is to protect the Society's interest(s) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person with respect to the Society.

**2. Definitions**

a. Interested Person

Any director, officer, or member of a committee with board-delegated powers, or any person in a position to exercise substantial influence over the affairs of the Society, who, as a direct or indirect financial interest as defined below, is an interested person.

b. Financial Interest

A person has a financial interest if the person, directly or indirectly, through business, investment or a related person,

- i. Has an ownership, partnership, or investment interest in any entity with which the Society has a transaction or arrangement;
- ii. Has a compensation arrangement with the Society or with any entity or individual with which the Society has a transaction or arrangement; or
- iii. Has a potential ownership, partnership, or investment interest in, or compensation arrangement with, any entity or individual with which the Society is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. Under Section 3.b of this Policy, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists after required disclosure is made.

c. Related Person

A related person of an interested person means either:

- i. The spouse, or a parent or sibling of the spouse, of the interested person, a child, grandchild, sibling, parent or spouse of a child, grandchild, sibling or parent, of the interested person; an individual having the same home as the interested

- person or a trust or estate of which an individual specified in this Section 2.c. is a substantial beneficiary; or
- ii. A trust, estate, incompetent, conservative or minor of which the interested person is a fiduciary.

### 3. Procedures

#### a. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose to the directors and members of pertinent committees with board-delegated powers that are considering the proposed transaction or arrangement.

- i. The existence and nature of his or her financial interest, and
- ii. All facts known to the interested person respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction.

The directors and/or members of pertinent committees with board-delegated powers that are considering the proposed transaction may request, and the interested person must provide, such additional information or documents relating to the transaction as are required for adequate disclosure.

#### b. 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 or 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. If they determine that a conflict of interest exists, additional actions shall be taken as provided for herein.

#### c. Procedures for Addressing the Conflict of Interest

- i. An interested person may make a presentation at the board or committee meeting concerning the transaction; but after such presentation, he/she shall leave the meeting and not participate in any future meetings during the discussion of, deliberations about, and the vote on the transaction or arrangement that results in the conflict of interest.
- ii. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- iii. After exercising due diligence, the board or committee shall determine whether the Society can obtain a more advantageous transaction or arrangement with reasonable

efforts from a person or entity that would not give rise to a conflict of interest.

- iv. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to 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 Society's best interest, for its benefit, and fair and reasonable to it, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
- v. The interested person shall not influence or attempt to influence the decisions of the board or committee considering the transaction.

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

If the board or committee has reasonable cause to believe that an interested person has failed to disclose actual or possible conflict of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose. If, after hearing the response of the interested person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the interested person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**4. Records of Proceedings**

The minutes of the board and all committees with board-delegated powers shall contain: (a) the name(s) of the interested person(s) 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 (or determine whether a conflict of interest was present), and the board's or committee's decision as to whether a conflict of interest in fact existed; and (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement and a record of any votes taken in connection therewith.

**5. Compensation Committee**

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

**6. Annual Statements**

Each interested person shall annually, and upon becoming an interested person, sign a statement which affirms that such person: (a) has received a copy of the conflict of interest policy; (b) has read and understands the policy; (c) has agreed to comply with the policy; (d) has completed a conflict of interest questionnaire; and (e) understands that the Society is an organization exempt from tax as one described in Section 501(c)(3) of the Internal Revenue Code, and that in order to maintain its

federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**7. Periodic Reviews**

To ensure that the Society operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: (a) whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and (b) whether Society and joint-venture arrangements and arrangements with management organizations or other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Society's tax-exempt purposes, and do not result in inurement or impermissible private benefit.

**8. Use of Outside Advisors**

In conducting the periodic reviews provided for in Section 7, the Society may, but need not, use outside advisors. If outside experts are used, this shall not relieve the board of its responsibility for ensuring that period reviews are conducted.

**CERTIFICATE OF ADOPTION**

The foregoing Policy was duly adopted by the Board of Directors of the Diocesan Council of the Society of St. Vincent de Paul Phoenix Diocesan Council, an Arizona nonprofit corporation, this February 15, 2006.

By:

*(Signed)*      Gloria Dean Guillory  
Gloria Dean Guillory  
Secretary