

KINDERHOOK MEMORIAL LIBRARY

CONFLICT OF INTEREST POLICY

1. PURPOSE

The purpose of this Conflict of Interest Policy is to protect the Kinderhook Memorial Library (KML) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one or more individual trustees, employees, committee members, or other related parties. It articulates KML's policies and procedures for dealing with conflicts or potential conflicts when and if they arise. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations, as well as the By-Laws of the Kinderhook Memorial Library.

2. DEFINITIONS

- a. Interested Person. An Interested Person is any trustee, employee, member of a committee with powers delegated by the Board, or other individual who has a direct or indirect Financial Interest, as defined below.
- b. Relative. A Relative of an individual means: their spouse or domestic partner; their parent or grandparent (by blood, marriage, or adoption); their sibling (by blood, marriage or adoption); their children or grandchildren (by blood, marriage or adoption); and the spouses or domestic partners of any of the above.
- c. Financial Interest. A person has a Financial Interest if they have, directly or indirectly, through business, investment, board membership, or a Relative:
 - (i) an ownership or investment interest in any entity with which KML has or is negotiating a transaction or arrangement;
 - (ii) a compensation arrangement with any entity or individual with which KML has or is negotiating a transaction or arrangement; or
 - (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which KML has or is negotiating a transaction or arrangement.
- d. Related Party Transaction. A Related Party Transaction means any transaction, arrangement, or other agreement in which an Interested Person or their Relative has a Financial Interest and in which KML is a participant.
- e. Conflict of Interest. A Conflict of Interest exists if an outside interest or activity influences or appears to influence the ability of an individual to exercise objectivity or impair the individual's ability to perform their responsibility in the best interests of KML.

3. DISCLOSURE

- a. Initial Disclosure. Prior to the initial election of any trustee, hiring of any employee, or appointment of any other individual to a committee with Board-delegated powers, the individual shall complete, sign and submit to the Board President a Disclosure Statement (Appendix A) identifying, to the best of their knowledge, the following information:
 - (i) any entity of which such prospective trustee, committee member, or employee is an officer, trustee, member, owner, partner, or employee and with which KML has a relationship; and
 - (ii) any transaction in which KML is a participant and in which the prospective trustee, committee member, or employee might have a Financial Interest that may give rise to a Conflict of Interest or Related Party Transaction.
- b. Annual Disclosure. Each trustee, committee member, and employee shall annually submit to the Board President a Disclosure Statement (Appendix A), in which such person:
 - (i) identifies, to the best of their knowledge, the information specified in (3)(a); and
 - (ii) affirms that they have received a copy of the Conflict of Interest Policy, read and understand the policy, agree to comply with the policy, and understand KML is nonprofit 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.
- c. Continuing Duty to Disclose. In connection with any actual or possible Conflict of Interest or Related Party Transaction which may arise in the ordinary course of the year and within Board or committee meetings, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Board. Such disclosure may be made either in a written statement the Board President or orally at a meeting of the Board, provided that such oral disclosure must be documented in the minutes of the meeting at which such disclosure is made.

4. GENERAL PROVISIONS

- a. General Prohibitions.
 - (i) An Interested Person is precluded from being present at or participating in any Board or committee deliberation or vote related to the transaction or arrangement giving rise to a Conflict of Interest or Related Party Transaction. The Board may request, however, that an Interested Person present information prior to the commencement of such deliberations or voting at a Board meeting.
 - (ii) An Interested Person shall not directly or indirectly attempt to influence improperly the deliberation or voting on the transaction or arrangement giving rise to the conflict.

b. Determining Whether a Conflict of Interest or Related Party Transaction Exists.

- (i) The Board President shall inform the Executive Committee of any disclosure of an Interested Person's Financial Interest that may give rise to a Conflict of Interest or Related Party Transaction. The Executive Committee shall determine all material facts and circumstances relating to the Financial Interest and discuss and make a recommendation to the Board as to each of the determinations required by (iii) and (iv) of this Section. Alternatively, if the existence of the Financial Interest initially arises at a meeting of the Board, then the Board may directly make the determinations required without seeking recommendations from the Executive Committee, provided the Interested Person leaves the meeting while the Board discuss the information disclosed.
- (ii) Upon due discussion and consideration of the Executive Committee recommendations, the Board shall make each of the determinations required by (iii) and (iv) of this Section.
- (iii) Upon discussion, the Board shall decide and document in the meeting minutes if the transaction or arrangement constitutes a Related Party Transaction in which the Interested Person has a Financial Interest. If the Board determines by majority vote of the whole, including vacancies, that the transaction or arrangement constitutes a Related Party Transaction, then such transaction or arrangement is subject to the procedures set forth in Article 5.
- (iv) If the transaction or arrangement does not constitute a Related Party Transaction, then the Board in its discretion shall decide if a Conflict of Interest exists nonetheless, after giving due consideration to the material facts and circumstances presented. If the Board determines by majority vote of the whole, including vacancies, that the transaction or arrangement involves a Conflict of Interest, then such transaction or arrangement is subject to the procedures set forth in Article 5.

5. PROCEDURES FOR ADDRESSING CONFLICTS OF INTEREST & RELATED PARTY TRANSACTIONS

a. Consideration of Alternatives.

- (i) If the transaction or arrangement is a Related Party Transaction in which the Interested Person has a Financial Interest, then the Board shall consider alternatives to the proposed transaction or arrangement. For Conflicts of Interest, consideration of alternatives is within the discretion of the Board.
- (ii) After disclosure and discussions with the Interested Person, the Board may appoint one or more trustees who are not Interested Persons to investigate alternatives to the proposed transaction or arrangement. Alternatives shall be presented to the Board and shall be documented in the minutes of the meeting at which the determination is made.

(iii) If alternatives are investigated and presented to the Board, then the Board shall determine whether KML can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a Conflict of Interest or Related Party Transaction.

b. Board Decision.

(i) If alternatives are considered and if the Board determines that a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest or Related Party Transaction, the Board shall determine whether the transaction or arrangement is in the best interest of KML and whether it is fair and reasonable.

(ii) In conformity with the above determination, and in accordance with KML Bylaws and policies, the Board shall determine by majority vote of the whole, including vacancies, whether to enter into the transaction or arrangement.

c. Documentation Required. In connection with all actual or possible Conflicts of Interest and Related Party Transactions, the Secretary of the Board shall ensure that the following are documented in the minutes of the meetings at which such determinations are made:

(i) The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible Conflict of Interest or Related Party Transaction, the nature of the Financial Interest, any action taken to determine whether a Conflict of Interest or Related Party Transaction was present, and the Board's decision as to whether a Conflict of Interest or Related Party Transaction in fact existed.

(ii) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussions at the meeting regarding the proposed transaction or arrangement, including the alternatives to the proposed transaction or arrangement considered, if any.

(iii) The determination as to whether the transaction or arrangement is fair, reasonable and in the best interest of KML.

(iv) The determination as to whether to enter into the transaction or arrangement which gives rise to the Conflict of Interest or Related Party Transaction. If the Board approves a Related Party Transaction in which the Interested Party has a Financial Interest, then the minutes must also include the basis for such approval.

(v) A record of any votes taken in connection with the proceedings.

6. OVERSIGHT & REVIEWS

a. Oversight Responsibility. The Executive Committee, as defined in the By-Laws, shall oversee the adoption of, implementation of, and compliance with this Conflict of Interest Policy in

accordance with the procedures contained herein and within the process and authority granted under the By-Laws.

b. Violation of the Conflict of Interest Policy.

- (i) If the Executive Committee has reasonable cause to believe a trustee, committee member, or employee has failed to disclose an actual or possible Conflict of Interest or Related Party Transaction, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.
- (ii) If, after hearing the response of the trustee, committee member, or employee and after making further investigation as warranted by the circumstances, the Executive Committee determines that the trustee, committee member, or employee has failed to disclose an actual or possible Conflict of Interest or Related Party Transaction, it shall recommend to the Board appropriate disciplinary and corrective action, up to and including dismissal or termination.

Adopted September 20, 2022

**APPENDIX A
KINDERHOOK MEMORIAL LIBRARY
CONFLICT OF INTEREST DISCLOSURE STATEMENT**

The undersigned, being a trustee, employee, and/or member of a Board-delegated committee of the Kinderhook Memorial Library, hereby acknowledges and confirms the following:

1. I have received a copy of the Conflict of Interest Policy in effect as of the date written below. I have read and understand the Policy and I agree to comply with it.

2. I understand that the Kinderhook Memorial Library is a nonprofit and, in order to maintain its federal tax-exemption status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

3. To the best of my knowledge, neither I nor any Relative of mine, as defined in the Policy, has an interest, a relationship, or an involvement in any transaction, project, or activity that may give rise to a Conflict of Interest or Related Party Transaction, as defined in the Policy, except as stated below. *(If none, please write "none.")*

4. I will promptly disclose in writing to the President of the Board any changes to the above statements which may arise in the future while I am serving as a trustee, employee, and/or member of a Board-delegated committee.

Name _____

Position _____

Signature _____

Date _____