



MOUNTAIN EMBER TEAM CONFLICT OF INTEREST POLICY

ARTICLE 1, PURPOSES

The purpose of the conflict of interest policy is to protect the corporation's tax-exempt status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation. The policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Each member of the Mountain Ember Team (MET) board of directors has a duty of loyalty to the corporation. The duty of loyalty generally requires a director or officer to prefer the interests of the corporation over the director's or officer's interest or the interests of others. In addition, directors and officers of the corporation shall avoid acts of self-dealing which may adversely affect the tax-exempt status of the corporation, or cause there to arise any sanction or penalty by a governmental authority.

It is important for MET directors and officers to be aware that both real and apparent conflicts of interest sometimes occur in the course of conducting the affairs of the corporation, and that the appearance of conflict can be troublesome even if there is, in fact, no conflict. Conflicts occur because those associated with the corporation may have multiple interests, affiliations and various positions of responsibility within the local community and the greater Santa Barbara community, that may result in identical duties of loyalty to two or more corporations.

Conflicts are undesirable because they potentially or eventually place the interests of others ahead of the corporation's obligations to its charitable purposes and the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, the long-range best interests of the corporation do not require the termination of all association with persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

ARTICLE II, DEFINITIONS

- **Conflict of Interest:** A conflict of interest arises when any MET director, principal officer, or voting member of a MET committee has a direct or indirect financial interest, as defined below, in any transaction or other business involving MET.
- **Interested Person:** Any director, principal officer, or voting member of a MET committee who has a direct or indirect financial interest, as defined below, is an interested person.
- **Financial Interest:** A person has, or will have, a financial interest if the person, a family member or a housemate, has, directly or indirectly, any of the following types of interest in any MET transaction or arrangement or any transaction or arrangement being considered by MET.
 1. Is an owner, partner, director, employee or has a significant investment interest in any business, organization or other entity with which MET has, or is considering to have, a transaction or arrangement. A “significant investment interest” includes ownership of 5% or more of any class of stock issued by the entity, or any loan, investment or other interest equaling 5% or more of the value of the assets of the entity.
 2. Will receive or may receive any payment, property or other compensation in any form, resulting, directly or indirectly, from any transaction or arrangement entered into by MET. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Family Member: Family member includes any spouse, registered domestic partner, parent, sibling or in-law from a current marriage.

Housemate: Housemate includes any person currently residing in the same household or on the same legal parcel, including members of unmarried couples, current roommates and renters.

Transaction or Arrangement. “Transaction or arrangement” includes any sale, purchase, loan, rental, transfer, donation or exchange of property by MET; any payment, contract or agreement for services; and any other agreement, transaction or commitment approved by the MET board of directors or any MET officer or committee involving the expenditure, exchange, loan, rental or transfer of funds or property by MET. “Transaction or arrangement” also includes the acceptance of any donation of funds, property or services where the donation is for restricted purposes or conditioned upon terms proposed by the donor.

ARTICLE III, PROCEDURES

- **Duty to Disclose:** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors or voting members of committees, considering the proposed transaction or arrangement.
- **Determining Whether a Conflict of Interest Exists:** After disclosure of the financial interest and all material facts have been presented by the interested person, and after discussion with the interested person, he/she shall leave the governing board or committee meeting. The remaining board or committee members shall discuss and vote upon whether a conflict of interest exists.
- **Procedures If Conflict of Interest is Determined to Exist**
 1. If it is found that a conflict of interest does exist on the part of a board member, committee member, or other interested person (e.g. an officer, executive director or manager), said member may not vote on the matter which gives rise to the conflict of interest, and shall be excluded from all further discussions of the matter except to provide additional information requested by the board of directors or the committee.
 2. The President of the board or chairman of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 3. After exercising due diligence, the governing board or committee shall determine whether the corporation 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.
 3. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the directors or voting committee members, whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
- **Violations of the Conflict of Interest Policy**
 1. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, up to and including removal from the board or committee, or revocation of authority to act on specified matters.

ARTICLE IV, RECORDS OF PROCEEDINGS

- **Minutes:** The minutes of the governing board and all committees shall contain:
 1. The names of the 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 to determine whether a conflict of interest was present; and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
 2. The names of the person(s) 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 with the proceedings.

ARTICLE VI, ANNUAL STATEMENTS

Each director, principal officer and member of a committee shall sign an annual statement in March of each year following the February Annual Meeting and Election of Directors which affirms such person:

1. Has received a copy of the Conflict of Interest Policy.
2. Has read and understands the policy.
3. Has agreed to comply with the policy.
4. Understands that 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.

ARTICLE VII, PERIODIC REVIEWS

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management corporations, conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

ARTICLE VIII, USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of committee of its responsibility for ensuring periodic reviews are conducted.

CERTIFICATE OF ADOPTION OF CONFLICT OF INTEREST POLICY

I do hereby certify that the above stated Conflict of Interest Policy and Agreement for the MOUNTAIN EMBER TEAM, were approved and adopted by the board of directors on:
and constitute a complete copy of the Conflict of Interest Policy of the corporation.



Jenny VanSeters, Secretary

8/27/20

Date