



**I, the undersigned, as a condition of holding office as a Director of the Inner Arbor Trust, Inc. (the “Trust”), a Maryland not-for-profit charitable organization, do hereby affirm and attest that I understand and agree to actively support and at all times uphold the this Conflict/Duality of Interest Policy. This policy is intended to supplement, but not replace, the Trust’s Bylaws, or State and/or Federal laws governing or pertaining to Conflicts/Duality of Interest applicable to not-for-profit charitable organizations.**

## **Inner Arbor Trust Conflict/Duality of Interest Policy**

No member of the Trust Board shall derive any personal financial gain, or a non-financial gain that inures to the benefit of another organization or interest, directly or indirectly, by reason of his or her service as a Board member with the Trust. Members of the Board shall conduct their personal affairs in such a manner as to avoid any possible conflict or duality of interest with their duties and responsibilities as Members of the Board.

It is every Board Member’s obligation, in accordance with this policy, to ensure that decisions made by the Board reflect independent thinking, without a Conflict/Duality of Interest. When there is a decision to be made or an action to be approved that will result in a conflict between the best interests of the Trust and the Board Member’s personal interests, the Board member has a duty to immediately disclose the Conflict/Duality of Interest so that the rest of the Board’s decision making will be informed about the conflict.

**Conflict of Interest** exists when a director, officer, committee member or employee of the Trust has an impediment to being impartial and loyal to the Trust due to a personal, professional, business or volunteer position, responsibility, or interest.

**Duality of Interest** exists when a director, committee member or employee of the Trust has a conflicting duty to another entity where the individual’s allegiance may be split between the Trust and another organization or interest.

An apparent Conflict/Duality of Interest is defined as a situation or relationship that may cause an observer to question whether there is an impediment to impartiality. Any Conflict/Duality of Interest, including, but not limited to financial interests, on the part of any Board Member, shall be disclosed to the Board when the matter that reflects a Conflict/Duality of Interest becomes a matter of Board action, and also through an annual procedure for all Board members to disclose Conflicts or Duality of Interest.

**Financial Interest** - A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Trust has a transaction or arrangement;
- b. A compensation arrangement with the Trust or with any entity or individual with which the Trust has a transaction or arrangement;
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Trust is negotiating a transaction or arrangement; or,
- d. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a Conflict of Interest. A person who has a financial interest may have a Conflict of Interest only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

**Independent Director** - A Director shall be considered “independent” for the purposes of this policy if he or she is “independent” as defined in the instructions for the IRS 990 form or, until such definition is available, the Director:

- a. Is not, and has not been for a period of at least three years, an employee of the Trust or any entity in which the Trust has a financial interest;
- b. Does not directly or indirectly have a significant business relationship with the Trust, which might affect independence in decision-making;
- c. Is not employed as an executive of another corporation where any of the Trust’s executive officers or employees serve on that corporation’s compensation committee; and,
- d. Does not have an immediate family member who is an executive officer or employee of the Trust or who holds a position that has a significant financial relationship with the Trust.

### **Procedures for Addressing the Conflict of Interest**

It is the intention of the Trust that actual and apparent Conflict/Duality of Interest be avoided when any leaders of the Trust act, speak, represent, and participate in decision-making and policy generation on behalf of the Trust.

- **Duty to Disclose** – In connection with any actual or possible Conflict/Duality of Interest, an interested person must disclose the existence of the financial interest or Conflict/Duality of Interest, and be given the opportunity to disclose all material facts to the Board or Executive Committee.

- **Recusal of Self** – Any Director shall recuse himself or herself at any time from involvement in any decision or discussion in which the Director believes he or she has or may have a Conflict/Duality of Interest, without going through the process for determining whether a Conflict/Duality of interest exists.

**Determining Whether a Conflict/Duality of Interest Exists** -- After disclosure of the Conflict/Duality of Interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or Executive Committee meeting while the determination of a Conflict/Duality of Interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a Conflict/Duality of Interest exists.

An interested person may make a presentation at the Board or Executive Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict/Duality of Interest.

The Chairperson of the Board or Executive Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction, arrangement or decision.

After exercising due diligence, the Board or Executive Committee shall determine whether the Trust can obtain with reasonable efforts a more advantageous transaction, arrangement or decision from a person or entity that would not give rise to a Conflict/Duality of Interest.

If a more advantageous transaction, arrangement or decision is not reasonably possible under circumstances not producing a Conflict/Duality of Interest, the Board or Executive Committee shall determine by a majority vote of the disinterested Directors whether the transaction, arrangement or decision is in the Trust'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, arrangement or decision.

Any Board Member having a Conflict/Duality of Interest shall not vote or use his or her personal influence to address the matter, and the Board Member should not be counted in determining the quorum for the meeting.

#### **Violations of the Conflict/Duality of Interest Policy**

If the Board or Executive Committee has reasonable cause to believe a member has failed to disclose actual or possible Conflict/Duality 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.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or Executive Committee determines the member has failed to disclose an actual or possible Conflict/Duality of Interest, it shall take appropriate disciplinary and/or corrective action, including the potential removal of the member.

### **Records of Proceedings**

The minutes of the Board and all committees with Board delegated powers shall contain the names of the persons who disclosed or otherwise were found to have a financial, Conflict/Duality of Interest, the nature of the Conflict/Duality of Interest, any action taken to determine whether a Conflict/Duality of Interest was present, and the Board's or Executive Committee's decision as to whether a Conflict/Duality of Interest, in fact, existed. Additionally, 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, arrangement or decision, and a record of any votes taken in connection with the proceedings.

### **Annual Statements**

Each Director, principal officer and member of a committee with Board delegated powers shall annually sign a statement, or in the case of new Board members, during Board orientation, which affirms such person:

- Has received a copy of the Conflict/Duality of Interest Policy;
- Has read and understands the Conflict/Duality of Interest Policy;
- Has agreed to comply with the Conflict/Duality of Interest Policy; and,
- Understands the Trust 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.

Each voting member of the Board shall annually sign a statement which declares whether such person is an Independent Director. If at any time during the year, the information in the annual statement changes materially, the Director shall disclose such changes and revise the annual disclosure form. The Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

### **Compensation**

In the event that any Board member receives compensation from the Trust, such compensation will be determined by and approved by the Board.

A voting member of the Board who receives compensation, directly or indirectly, from the Trust for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Trust for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from The Trust, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Periodic Reviews**

To ensure the Trust 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:

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

When conducting the periodic reviews the Trust may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Print: \_\_\_\_\_

## Trustee and Officer Annual Conflict/Duality of Interest Statement

I hereby affirm and attest that I read, understand and agree to actively support and at all times uphold the Conflict/Duality of Interest Policy, dated \_\_\_\_\_. I understand Inner Arbor Trust is a charitable organization as described in Section 501(c)(3) of the Internal Revenue Service Code and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of the tax-exempt purposes described in the IRS code.

Please check one:

- I have disclosed any conflicts according to this Conflict/Duality of Interest Policy. (Specify conflicts in the space provided below.)
- I have no conflicts at this time.

\_\_\_\_\_  
Director Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director Name Printed

Please indicate specific conflicts of interest below:

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