



MICHIGAN GARDEN CLUBS, INC.

CONFLICT OF INTEREST POLICY

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ARTICLE I PURPOSES

It is important for the Michigan Garden Clubs, Inc. all officers, directors, delegates, council, and committee members to be aware that both real and apparent conflict of interest or dualities 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 of interest whatsoever.

Conflicts are undesirable because they potentially or eventually place the interests of others ahead of the corporation’s obligations with its charitable purposes to the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon the institution with which they are affiliated, regardless of the actual facts or motivations of the parties.

The Michigan Garden Clubs, Inc. members have a duty to be loyal to the corporation and scrupulously shall avoid acts of self-dealing which may adversely affect the tax-exempt status of this corporation or cause there to arise any sanction or penalty by a governmental authority. MGC members shall avoid conflict between their own respective individual, professional, or business

interests and the interests of the organization, in any and all actions taken by them on behalf of the organization in their respective capacities.

In the event that any officer, director, delegate, council, or committee member of the organization shall have any direct or indirect interest in, or relationship with, any individual or organization that proposes to enter into any transaction with the organization including but not limited to, transactions involving:

- The sale, purchase, lease, or rental of any property or other asset
- Employment, or rendition of services, personal or otherwise
- The award of any grant, contract, or subcontract
- The investment or deposit of any funds of the organization

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 and members of committees with governing board delegated powers considering the proposed transaction or arrangement. In addition, the interested person shall thereafter refrain from discussing or voting on the particular transaction in which he/she has interest, or otherwise attempting to exert any influence on the organization or its components to affect a decision to participate or not participate in such transaction.

ARTICLE II DEFINITIONS

2.1 Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2.2 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 corporation has a transaction or arrangement.

(b.) A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or

(c.) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

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, under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

ARTICLE III PROCEDURES

3.1 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 and members of committee with governing board powers considering the proposed transaction or arrangement.

3.2 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/she shall leave the governing 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.

3.3 Procedures for Addressing the Conflict of Interest

(a) An interested person may make a presentation at the governing board or 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 of interest.

(b) The chairperson of the governing board or committee shall, if appropriate, appoint disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) 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.

(d) 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 disinterested directors whether the transaction or arrangement is in the corporation's best interests, 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.

3.4 Violations of Conflict of Interest Policy

(a) If, the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflict of interest, it shall inform the member of the basis for such a belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) 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.

ARTICLE IV RECORDS OF PROCEEDINGS

4.1 Minutes

The minutes of the governing board and all committees with board delegated powers shall contain:

(a) 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, the nature of the financial interest, any action taken to determine whether a conflict of interest was present and the governing board or committee decision as to whether a conflict in fact exists.

(b) The names of the persons who were present for discussions and votes relating to the transaction or agreement, the content of the decision, including any alternatives to the proposed transaction or agreement, and the record of any votes taken in connection with the proceedings.

ARTICLE V ANNUAL STATEMENTS

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms 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) 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 VI PERIODIC REVIEW

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 whether partnerships, joint ventures, and arrangements conform to the corporations written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurnment, impermissible private benefit or in excess benefit transaction.

CERTIFICATE OF ADOPTION OF CONFLICT OF INTEREST POLICY & AGREEMENT

I do hereby certify that the above stated conflict of interest policy and agreement for the Michigan Garden Clubs, Inc. were approved and adopted by the board of directors on Thursday, April 6, 2017 and constitute a complete copy of the conflict-of-interest policy of the corporation.

Secretary _____

Date _____

