

**Tzedakah, Inc.**  
**Policy on Conflicts of Interest**  
**for**  
**Board Members and Members of Committees with Delegated Board Powers**  
**Adopted May 29, 2007**

**Purpose**

The purpose of the conflict of interest policy is to help assure that all actions taken by the Board of Directors (Board) and committees shall be in the best interests of Tzedakah, Inc. (the Organization) and to protect the Organization's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Definitions**

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

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.

**Other Interest** A person has an interest if he/she owes an allegiance to any organization with which the Organization has or is negotiating a transaction or arrangement that requires him/her to place the interests of that other organization above those of Tzedakah, Inc.

**Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the interest to the President.

**Procedures for Addressing the Conflict of Interest**

**Voluntary recusal**

The interested person may voluntarily recuse him/herself from all decisions involving the conflict. The Board or committee shall then determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable.

### **Determining Whether a Conflict of Interest Exists**

If a person who discloses a conflict of interest chooses not to voluntarily recuse him/herself, he/she shall disclose the interest and all material facts to the Board or committee, and after any discussion with the interested person, he/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 so decide, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable.

### **Violations of the Conflicts of Interest Policy**

- a.** 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.
- 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.

### **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 conflicts of interest policy,
- b.** Has read and understands the policy,
- c.** Has agreed to comply with the policy, and
- d.** Understands the Organization 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.

**Annual Statement Regarding Conflicts of Interest  
Tzedakah, Inc.**

Name: \_\_\_\_\_

I have received a copy of the Tzedakah, Inc. Policy on Conflicts of Interest dated May 29, 2007, I have read the policy, understand it, and agree to comply with it. I understand that Tzedakah, Inc. 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.

\_\_\_\_\_  
Signature and date