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## MEMORANDUM FOR RECORD: Conflict of Interest

*The Good News Community Kitchen* (TGNCK), as a non-profit, tax-exempt organization, depends on the public trust for its effectiveness and financial stability. It also depends on maintaining its tax-exempt status. Therefore, TGNCK's operations must fulfil all legal requirements, and meet the governor's and public's expectations, regarding actual or potential conflicts of interest.

Consequently, there exists between TGNCK and its Board of Directors, Officers, and volunteers a fiduciary duty that carries with it a broad and unbending duty of loyalty and fidelity. The Board, Officers, and employees are responsible for administering the affairs of TGNCK honestly and prudently, and for exercising their best care, skill and judgment for TGNCK's sole benefit. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not benefit. The organization's interests must have the first priority in all decisions and actions related to it.

### I. HIGH-LEVEL STATEMENT OF POLICY

TGNCK's policy is that anyone who may have potential conflict of interest must disclose that conflict to the appropriate TGNCK authority. If the authority determines that there is an actual conflict of interest, the conflicted person must recuse him or herself from any deliberations or decisions about any transactions or arrangements that may be tainted by the conflict. The Executive Committee in its capacity to act for the Board of Directors will make the final determination whether to proceed with a conflicted transaction or arrangement.

This document contains detailed procedures that apply to the Board of Directors, Officers, and Key Management Personnel (as defined below). Upon hiring employees, an Employee Handbook, will be created and contains a separate policy that applies to other employees.

### II. RELEVANT PERSONS

This policy applies to members of the Board of Directors, Officers, and Key Management Personnel. "Key Management Personnel" includes any manager who reports directly to the Executive Director and any other employee or volunteer who is in a position to exercise substantial influence over TGNCK's affairs at any time. Key Management Personnel includes (without limitation) the Executive Director, Financial Officer, Programming Officer, Public Relations Officer and other personnel designated by the Executive Committee after consultation with the Executive Director.

### III. GENERAL AREAS IN WHICH AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST MIGHT ARISE

- A. Conflicts of interest may arise in the relations of Directors, Officers, and Key Management Personnel with any of the following third parties (and regardless of whatever remuneration of any kind is paid or received):

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PRESIDENT

Christine Elias  
VICE PRESIDENT

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SECRETARY

- Persons and firms supplying goods and services to TGNCK
- Persons and firms from whom TGNCK leases property and equipment
- Persons and firms with whom TGNCK is dealing or planning to deal in connection with the gift, purchase, or sale of real estate, securities, money or other property
- Competing or affinity organizations
- Donors of goods, services, or money and others supporting TGNCK
- Recipients of grants of goods, services, or money from TGNCK and
- Agencies, organizations, and associations that affect TGNCK's operations

**1. A material, conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned in Paragraph III.A. Such an interest might arise, for example, through:**

- Owning stock or holding debt or other proprietary interests in any third party dealing with TGNCK
- Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed) by any third party dealing with TGNCK
- Receiving remuneration for services with respect to any transaction involving TGNCK
- Using TGNCK's time, personnel, equipment, supplies, or good will other than for approved TGNCK activities, programs, and purposes or
- Receiving personal gifts or loans from third parties dealing with TGNCK. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

**2. Interpretation of this Section III**

The areas and relationships of conflicting interest listed in this Section III are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the Board of Directors, Officers, and Key Management Personnel will recognize such areas and relation by analogy.

The fact that one of the interests described in this Section III exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to TGNCK's interests.

However, it is the policy of the Board of Directors that the existence of any of the interests described in this Section III shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of the Board of Directors, Officers, and Key Management Personnel to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

**IV. SPECIFIC, POTENTIAL CONFLICTS OF INTEREST**

There are three specific, potential conflicts of interest that the Board of Directors has evaluated and for which it has established specific guidelines:

1. Board members who are employed by, or sit on the board of, a TGNCK partner agency
2. Board members who are employed by food retailers or wholesalers that provide food, services, or other support to retailers or wholesalers that provide food, services, or other support to TGNCK
3. Board members who are owners, Officers, partners, or employees of organizations that donate goods, services, or money to TGNCK.

**A. Board Members Who are Employed by a TGNCK Partner Agency**

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TGNCK's Board of Directors recognizes the important contribution that employees of partner agencies can make to the Board of Directors and TGNCK. Consequently, the Board of Directors has determined that, so long as the relations between TGNCK and the partner agency whose employee sits on TGNCK's Board of Directors are typical of those of those between TGNCK and partner agencies who have no employees sitting on TGNCK's Board of Directors, the business dealings between TGNCK and the partner agency whose employee sits on TGNCK's Board of Directors, the business dealings between TGNCK and the partner agency whose employee sits on TGNCK's Board of Directors need not be subject to Board scrutiny.

If TGNCK and the partner agency whose employees sits on TGNCK's Board of Directors wish to enter into an atypical arrangement, such arrangement must be submitted for consideration to the Executive Committee in accordance with Section V below.

**B. Board Members Who are Employed by Food Retailers or Wholesalers that Provide Food, Services, or Other Support to Retailers or Wholesalers that Provide Food, Services, or Other Support to TGNCK**

TGNCK's Board of Directors recognize the important contribution that employees of food retailers or wholesalers can make to the Board of Directors and TGNCK. Consequently, the Board of Directors has determined that, so long as the relations between TGNCK and the food retailer or wholesaler whose employees sits on TGNCK's Board of Directors are typical of those between TGNCK and food retailers or wholesalers who have no employees sitting on TGNCK's Board of Directors, the business dealings between TGNCK and the food retailer or wholesaler whose employee sits on the TGNCK Board of Directors need not be subject to Board scrutiny.

If TGNCK and the retailer or wholesaler whose employees sit on TGNCK's Board of Directors wish to enter into an atypical arrangement, such arrangement must be submitted for consideration to the Executive Committee in accordance with Section V below.

**C. Board Members Who are Owners, Officers, Partners, or Employees of Organizations that Donate Goods, Services, or Money to TGNCK**

TGNCK's Board of Directors recognize that organizations with which Board members are affiliated through ownership or employment donate goods, services, and money to TGNCK. These contributions are important to TGNCK and can be part of a Board member's overall contribution to TGNCK. Consequently, the Board of Directors has determined that, so long as (1) the contributions to TGNCK from organizations with which Board Members are affiliated through ownership or employment, and (2) TGNCK's treatment of such organizations as a result of such contributions, are typical of those between TGNCK and other donors of goods, services, or money, the contributions between TGNCK and such organizations (and TGNCK's treatment of such organizations as a result of such contributions) need not be subject to Board scrutiny.

If TGNCK and an organization with which a Board member is affiliated through ownership or employment wish to enter into an atypical arrangement, such arrangement must be submitted for consideration to the Executive Committee in accordance with Section V below.

**V. PROCEDURES**

**A. Duty to Disclose**

Any person covered by this policy must disclose the existence of a potential conflict of interest along with the material facts to the Executive Director as soon as the person becomes aware of the potential conflict. It is especially important that any potential conflicts be disclosed before TGNCK enters into any transaction or arrangement that could be tainted by the conflict.

**B. Determining Whether a Conflict of Interest Exists**

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The President of the Board of Directors and Executive Director shall jointly determine whether a potential conflict of interest represents a true conflict of interest for further evaluation by the Executive Committee. They will report all disclosed conflicts of interest and their determinations to the Executive Committee and the Executive Committee may accept or reject such determinations. The President and Executive Officer may consult with legal counsel as they deem appropriate or necessary.

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

- 1) General Procedure: Decisions regarding transactions or arrangement that present conflicts of interest shall follow the normal process to make such a decision EXCEPT THAT the final decision shall be made by the Executive Committee.
- 2) When the Executive Committee meets to make a decision regarding a conflict of interest, an interested person may make a presentation to the Executive Committee regarding the proposed transaction or arrangement that gives rise to a conflict of interest. However, the interested person shall leave the Executive Committee meeting before discussion of the transaction or arrangement, including any vote related thereto.
- 3) In its deliberations, the Executive Committee shall determine whether TGNCK 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. If appropriate, the Executive Committee may appoint, or designate the Chairman to appoint, one or more non-conflicted individuals to investigate alternatives to the proposed transaction or arrangement. These individuals may be Board members, staff members, or qualified outsiders.
- 4) If more advantageous transaction or arrangement is not reasonably possible under circumstances without a conflict of interest, the Executive Committee shall determine whether the transaction or arrangement is in TGNCK's best interest and whether it is fair and reasonable to TGNCK. In conformity with the above determination, the Executive Committee shall make its decision as to whether to authorize TGNCK to enter into the transaction or arrangement. Per paragraph (2) above, the interested person shall not be present when these determinations are made.
- 5) The Executive Committee may consult with legal counsel as it deems appropriate or necessary.

### **D. Conflicts Regarding Compensation**

- 1) A voting member of the Board of Directors or of a Committee who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's own compensation. In addition, any such member shall exit any meeting before a discussion of that member's compensation.
- 2) Voting members of the Board or a Committee who are precluded from voting on their own compensation per paragraph V.D. (1) above are permitted to provide information to the Board or Committee about their compensation before exiting the meeting and are permitted to participate in discussions regarding compensation of other members. Notwithstanding the foregoing, the Board President or relevant Committee Chairman may determine that a member may not participate in the discussion or vote on the compensation of other members whose compensation is subject to very similar considerations.

### **E. Violations of the Conflict of Interest Policy**

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- 1) If the Executive Director has reasonable cause to believe a member of the Board of Directors, an Officer, or a member of Key Management Personnel has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford that person an opportunity to explain the alleged failure to disclose.
- 2) If, after hearing that person's response and after making further investigation as warranted by the circumstances, the Executive Director determines the person has failed to disclose an actual or possible conflict of interest, it shall recommend appropriate corrective action to the Executive Committee, which will then determine what, if any, action to take, including disciplinary action. The Executive Committee shall inform the full Board of Directors of any action taken. In certain instances, the Executive Committee's recommended action may require the Board's approval, in which case the recommended action shall be submitted to the Board for its consideration and approval.
- 3) The President, Executive Director, and Executive Committee may consult with legal counsel as each deems appropriate or necessary.

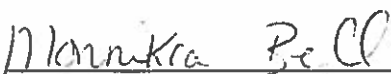
#### **F. Records of Proceedings**

The Board of Directors and its committees shall include in their minutes names of individuals who disclosed potential conflicts of interest, the determination of whether it was an actual conflict, and any actions taken to address an actual conflict of interest, including clear records of who was present for discussions and votes.

#### **VI. ANNUAL STATEMENTS**

Each Board member, Officer, and member of Key Management Personnel shall annually sign the statement attached hereto as **Exhibit A**.

*Approved and adopted by the Board of Directors on March 4, 2015.*

  
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Monnikca Bell  
Secretary

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PRESIDENT

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VICE PRESIDENT

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