

# Bethesda Chevy Chase Rescue Squad, Inc.

## Conflict of Interest Policy

This Conflict of Interest Policy was adopted by the Board of Directors of the Bethesda-Chevy Chase Rescue Squad, Inc. (hereinafter referred to as "BCCRS"), a Maryland non-stock corporation exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code at a duly called meeting held December 10, 2007.

### Article I Purpose

The purpose of this Conflict of Interest policy is to protect the interests of BCCRS as a tax exempt entity when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of BCCRS 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 conflicts of interest applicable to nonprofit and charitable organizations.

### Article II Definitions

**"Board Committee"** means any committee with decision making powers delegated by the Board of Directors.

**"Board of Directors"** means the Board of Directors of BCCRS.

**"Compensation"** includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Insubstantial is defined as \$50 or less.

**"Conflict of Interest"** means consideration of or entering into a transaction, contract, or arrangement between BCCRS and a person having a Financial Interest and shall include, but not be limited to, an Excess Benefit Transaction.

**"Excess Benefit Transaction"** means an Excess Benefit Transaction as defined in Internal Revenue Code Section 4958 and the related Treasury Regulations. Generally, an "Excess Benefit Transaction" refers to any transaction in which an economic benefit is provided by BCCRS directly or indirectly to or for the use of any interested person if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing such benefit.

**"Family"** of an individual means his spouse, his brothers and sisters (whether by the whole or half blood) and their spouses, ancestors, children, grandchildren, great grandchildren, and the spouses of children, grandchildren, and great grandchildren.

**"Financial Interest"** means an interest held by a person who, directly or indirectly, through business, investment, or family relationship has:

- a. An ownership or investment interest in any person or entity with which BCCRS has a transaction, contract, or arrangement,
- b. A compensation arrangement with BCCRS or with any entity or individual with

which BCCRS has a transaction, contract, or arrangement, or

c. A potential ownership or investment interest in or compensation arrangement with any entity or individual with which BCCRS is negotiating a transaction, contract or arrangement.

d. A Financial Interest is not necessarily a Conflict of Interest. Under Section 3.2, below, a person who has a Financial Interest does not have a Conflict of Interest if the Board of Directors decides that a Conflict of Interest does not exist.

**"Interested Person"** means any (i) member of the Board of Directors, (ii) principal officer, or (iii) member of a Board Committee with decision making powers delegated by the Board of Directors, who has a direct or indirect Financial Interest.

### **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 a Financial Interest and be given the opportunity to disclose all material facts to the directors and members of Board Committees considering the proposed transaction or arrangement. The full Board of Directors shall determine if a Conflict of Interest exists and if so whether, none the less, the proposed transaction, contract, or arrangement is otherwise fair to BCCRS.

**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, the Interested Person shall leave the meeting of the Board of Directors while the determination of a Conflict of Interest is discussed and voted upon. The remaining members of the Board of Directors shall decide if a Conflict of Interest exists.

**3.3. Procedures for Addressing a Conflict of Interest.**

a. An Interested Person may make a presentation at the Board of Directors meeting, but after the presentation the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest.

b. The President of the Board of Directors (or if the President is the person at issue, one of the Vice Presidents) shall, if appropriate, appoint a disinterested person or committee of disinterested persons to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, including, but not limited to obtaining appropriate data as to comparability or value of the proposed transaction, contract or arrangement, the Board of Directors shall determine whether BCCRS 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 Board of Directors

shall determine by a majority vote of the disinterested directors whether the transaction, contract, or arrangement is in BCCRS's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board of Directors shall make its decision as to whether to enter into the transaction, contract, or arrangement.

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

a. If any member of the Board of Directors or any Board Committee, or a Principal Officer has reasonable cause to believe a member of the Board of Directors or a member of a Board Committee with decision making powers delegated by the Board of Directors, or any Principal Officer has failed to disclose actual or possible conflicts of interest, he or she shall inform the Board of Directors of the basis for such belief. The Board of Directors or Board Committee shall inform the person with the possible Conflict of Interest of the basis for such belief which has been communicated to it and shall afford such person an opportunity to explain the alleged failure to disclose.

b. If, after hearing such person's response and after making further investigation as warranted by the circumstances, the Board of Directors determines that such person has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action

## **Article IV Records of Proceedings**

The minutes of the Board of Directors shall contain:

a. The names of 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 Board of Director's decision as to whether a Conflict of Interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction, contract, or arrangement, the content of the discussion, including any alternatives to the proposed transaction, contract, or arrangement, and a record of any votes taken in connection with the proceedings.

## **Article V Compensation**

- a. A voting member of the Board of Directors who receives compensation, directly or indirectly from BCCRS for services is precluded from voting on any matters pertaining to that member's compensation.
- b. A voting member of any Board Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from BCCRS for services is precluded from voting on matters pertaining to that member's compensation.
- c. Any voting member of the Board of Directors or any Board Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from BCCRS, either individually or collectively, may make a presentation to the Board of Directors or such Board Committee regarding job requirements and performance as it relates to his or her compensation but shall be prohibited from providing comparative information to any the Board of Directors or any Board Committee regarding the appropriateness of such compensation and shall not participate in a discussion pertaining to nor vote on such compensation.

## **Article VI Annual Statements**

Each member of the Board of Directors, principal officer, and member of a Board Committee with decision making powers delegated by the Board of Directors shall annually sign the statement in Appendix A which affirms that such person:

- a. Has received a copy of this Conflicts of Interest Policy,
- b. Has read and understands the Conflicts of Interest Policy,
- c. Has agreed to comply with the Conflicts of Interest Policy, and
- d. Understands that BCCRS is a charitable organization and that, 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 BCCRS operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board of Directors shall conduct periodic reviews. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arms length bargaining.
- b. Whether partnerships, joint ventures and arrangements with management organizations conform to BCCRS'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, BCCRS may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

**APPENDIX A**  
**Annual Affirmation of Compliance**

As a member of the Board of Directors, a member of a Board Committee with decision making powers delegated by the Board of Directors, or a Principal Officer of the Bethesda-Chevy Chase Rescue Squad, Inc. (hereinafter referred to as BCCRS), I hereby swear or affirm the following:

1. I have received and carefully read a copy of BCCRS's Conflict of Interest Policy and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand the Conflict of Interest Policy;
2. I agree to be bound by and comply with the policy; and
3. I understand that BCCRS is a charitable organization and that, in order to maintain its federal tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

To the best of my knowledge and belief, I hereby state that I do not have any financial interests that may be seen as competing with the interests of BCCRS, except those noted here (attach additional sheets if necessary):

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the BCCRS Board of Directors.

I further state that this, my affirmation, is true and correct to the best of my knowledge, information, and belief.

Signature \_\_\_\_\_

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

Title \_\_\_\_\_

Date \_\_\_\_\_