

Appendix A to FHVL Governing Principles November 1, 2016

Conflict of Interest Policy

This policy applies to board members, and volunteers of Friends of Huntingdon Valley Library. A volunteer is covered under this policy if that person has been granted significant independent decision making authority with respect to financial or other resources of the organization. Persons covered under this policy are hereinafter referred to as “interested parties.”

Conflict of Interest

Friends of Huntingdon Valley Library, a Pennsylvania nonprofit association (the “Association”) recognizes that all Officers and Managers have many interests apart from their work for the Association. In some cases, these diverse activities can overlap and cause people to be torn between various interests. The Association, however, expects all Officers and Managers to give their undivided attention and loyalty to their work at the Association and make decisions solely on the basis of what is best for the Association.

The Association is a public charity as defined in Section 501(c)(3) of the Internal Revenue Code of 1986. As such, no part of the assets or net income of the Association can inure to the benefit of any Officer, Manager, member of their Immediate Family, or any related persons or business entities. There are strict standards, violation of which can cost the Association its federal and state tax exemptions. Individual persons whose activities cause a termination through “Personal Inurement” may also be subject to civil and criminal penalties, particularly where they conceal profitable relationships.

It is therefore against the Association’s Conflict of Interest Policy that any Officer or Manager, conducts any business which involves a significant personal financial interest in the Association’s customers, suppliers or other persons or businesses, which have relationships with the Association. The Conflict of Interest Policy requires disclosure of any such business interests and, in some situations, prohibits those relationships without specific Board of Managers’ approval. As the Conflict of Interest Policy states, a “significant financial interest” is any financial interest, which may tend to influence your judgment as a Manager or Officer in matters relating to the performance of your duty to the Association.

Not all investments fall within the categories covered by the Conflict of Interest Policy. Your ownership of stock in a publicly traded company would not normally be covered under the policy unless your ownership was of a magnitude, which would allow you to influence the judgment or actions of the publicly traded company in its dealings with the Association. If you are in doubt regarding any financial interest, which you may have, it is best to discuss that situation, confidentially, with the appropriate persons designated in the Policy to see if your financial interest falls within the guidelines of the Policy and needs to be disclosed.

Another type of conflict can arise from personal relationships with the Association’s customers, suppliers, contractors or others with whom the Association deals. The opportunity for unwarranted compromise or favoritism or the appearance of such an opportunity is obviously bad for the Association and for the individuals involved. For this reason, the Policy prohibits the acceptance of commissions, gifts, payments, entertainment, services, loans, and promise of future

benefits by those covered by the Policy. Of course, customary, normal lunches, dinners and other social occasions, such as ball games or cultural events, do not normally fall within the policy's prohibition. Even these activities, however, can become excessive and possibly lead to the opportunity or appearance of favoritism. Only you know when that point is reached, and if you find yourself in that situation, you should politely decline to go any further. Once again, if you have questions concerning any such activity, you should consult, again confidentially, with the individual indicated in the Policy.

There is no the Association policy against the employment of persons in the Immediate Family of an Officer or Manager, but these relationships must be disclosed.

The Association has adopted the Conflict of Interest Policy attached to this explanation and asks all those covered by the Policy to annually reaffirm that they understand and are in compliance with the Policy. The Association views the goals of the Policy as significant and important to it and will take action necessary to insure that those who may disregard the Policy do not harm the Association.

Disclosure of Actual or Potential Conflicts of Interest

An interested party is under a continuing obligation to disclose any actual or potential conflict of interest as soon as it is known, or reasonably should be known.

An interested party shall complete a questionnaire, in the form attached, to fully and completely disclose the material facts about any actual or potential conflicts of interest. The disclosure statement shall be completed upon his/her association with the organization, and shall be updated annually thereafter within 30 days of the annual election. An additional disclosure statement shall be filed at such time as an actual or potential conflict arises.

Disclosure forms will be submitted to the Board of Managers and filed by the Secretary with the official documents of the organization.

Procedures for Review of Actual or Potential Conflicts - Generally

Whenever there is reason to believe that an actual or potential conflict of interest exists between FHVL and an interested party, the Board of Managers shall determine the appropriate organizational response.

Procedures for Addressing Conflicts of Interest - Specific Transactions

Where an actual or potential conflict exists between the interests of Friends of Huntingdon Valley Library and an interested party with respect to a specific proposed action or transaction, FHVL shall refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved. The following procedures shall apply:

- An interested party who has an actual or potential conflict of interest with respect to a proposed action or transaction of the corporation shall not participate in anyway in, or be present during, the deliberations and decision making of the organization with respect to such action or transaction. The interested party may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.
- Those members of the Board of Managers who do not share in the particular conflict of interest may approve the proposed action or transaction upon finding that it is in the best interests of the organization. The Board of Managers shall consider whether the terms of the proposed transaction are fair and reasonable to the organization and whether it would

be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.

- Approval by members of the Board of Managers shall be by vote of a majority in attendance at a meeting at which a quorum is present. An interested party shall not be counted for purposes of determining whether a quorum is present, or for purposes of determining what constitutes a majority vote of members in attendance.
- The minutes of the meeting shall reflect that the conflict disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the interested party.

Violations of Conflict of Interest Policy

If the Board of Managers has reason to believe that an interested party has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the interested party and making such further investigation as may be warranted in the circumstances, the board determines that the interested party has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Annual Affirmation of Compliance and Disclosure Statement

I have read the FHVL's Conflict of Interest Policy and the Explanatory Statement, a copy of which has been provided to me. I understand and accept this policy and subscribe to the reasons for its adoption.

I understand that a serious violation of the conflict of interest policy can materially jeopardize my position with the Association and the Association's designation as a public charity under Section 501(c)(3) of the Internal Revenue Code. I understand that violation of this policy can subject me to personal, criminal and civil liability, be a cause of the immediate termination of my relationship with the Association, .

Except as otherwise indicated in the Disclosure Statement and attachments, if any, below, I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of FHVL nor does any relative or business associate have such an actual or potential conflict of interest.

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 Board of Managers.

I further certify the information set forth in the disclosure statement and attachments is true and correct to the best of my knowledge, information and belief.

Name (Please print)

Signature

Date