

**Kendall County Sheriff's Office Foundation, Inc.**  
**Conflict of Interest Policy**

This policy is based on the IRS model Conflict of Interest policy, which is an attachment to Form 1023. It adds information needed to allow Kendall County Sheriff's Office Foundation to assess Director independence in order to answer questions on Form 990.

**Article I -- Purpose**

1. The purpose of this Board conflict of interest policy is to protect Kendall County Sheriff's Office Foundation's interests when it contemplates entering into a transaction or arrangement that might benefit the private interests of an officer, Director or committee member of the Kendall County Sheriff's Office Foundation or might result in a possible excess benefit transaction.
2. 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.
3. This policy is also intended to identify "independent" Directors, officers, and committee members (each a "person" to whom this policy applies).

**Article II -- Definitions**

1. Interested Person. An interested person is defined as any , 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. 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 Kendall County Sheriff's Office Foundation has a transaction or arrangement;
  - b. A compensation arrangement with Kendall County Sheriff's Office Foundation or with any entity or individual with which Kendall County Sheriff's Office Foundation has a transaction or arrangement; or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Kendall County Sheriff's Office Foundation 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.

A person who has a financial interest may have a conflict of interest only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

3. Independent Director/Officer/Member. A person shall be considered "independent" for the purposes of this policy if he or she is "independent" as defined in the instructions for the IRS 990 form or, until such definition is available, the person:
  - a. is not, and has not been for a period of at least three years, an employee of Kendall County Sheriff's Office Foundation or any entity in which Kendall County Sheriff's Office Foundation has a financial interest;
  - b. does not directly or indirectly have a significant business relationship with Kendall County Sheriff's Office Foundation, which might affect independence in decision-making;
  - c. is not employed as an executive of another corporation where any of Kendall County Sheriff's Office Foundation executive officers or employees serve on that corporation's compensation committee; and

d. does not have an immediate family member who is an executive officer or employee of Kendall County Sheriff's Office Foundation or who holds a position that has a significant financial relationship with Kendall County Sheriff's Office Foundation.

### **Article III -- Procedures**

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 reveal all material facts to the Board or Executive Committee.

2. Recusal. Any person may recuse himself or herself at any time from involvement in any decision or discussion in which the person believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

3. 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 Board or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.

#### 4. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at the Board or Executive 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 President of the Board or Executive Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board or Executive Committee shall determine whether Kendall County Sheriff's Office Foundation 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 or Executive Committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in Kendall County Sheriff's Office Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to enter into the transaction or arrangement.

#### 5. Violations of the Conflicts of Interest Policy

a. If the Board or Executive Committee has reasonable cause to believe a person 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.

b. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Board or Executive 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**

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

1. 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 Board's or Executive Committee's decision as to whether a conflict of interest in fact existed.

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

#### **Article V – Compensation**

1. A person who receives compensation, directly or indirectly, from Kendall County Sheriff’s Office Foundation for services is precluded from voting on matters pertaining to that person's compensation.

2. No Director, officer, or member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Kendall County Sheriff’s Office Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article VI – Statements<sup>1</sup>**

1. Each Director, officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- a. Received a copy of this Conflict of Interest Policy,
- b. Read and understands the policy,
- c. Agrees to comply with the policy, and

d. Understands Kendall County Sheriff’s Office Foundation 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.

2. Each Director, officer and member of a committee shall annually sign a statement which declares whether such person is an independent person.

3. If at any time during the term, the information in the statement changes materially, the person shall disclose such changes and revise the statement.

4. The Executive Committee or Board shall regularly and consistently monitor and enforce compliance with this policy by reviewing statements and taking such other actions as are necessary for effective oversight.

#### **Article VII – Periodic Reviews**

To ensure Kendall County Sheriff’s Office Foundation 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 the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.

2. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to Kendall County Sheriff’s Office Foundation written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

#### **Article VIII – Use of Outside Advisors**

When conducting the periodic reviews as provided for in Article VII, Kendall County Sheriff’s Office Foundation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

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<sup>1</sup> A copy of the Annual Conflict of Interest Statement Form is attached as Exhibit 1

**Kendall County Sheriff's Office Foundation, Inc.**  
**Director, Officer, Committee Member — Conflict of Interest Statement**

*Each officer, Director and committee member shall annually sign a statement declaring whether he or she is independent.*

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

I am a Director, officer, and/or committee member. (please circle each correct response)

My title(s): \_\_\_\_\_

Disclosures:

1. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest Policy with Kendall County Sheriff's Office Foundation?  **Yes**     **No**

- If yes, has the financial interest been disclosed, as provided in the Conflict of Interest Policy?  **Yes**     **No**
- If yes, please describe it: \_\_\_\_\_  
\_\_\_\_\_.

Do you or have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest Policy with Kendall County Sheriff's Office Foundation?  **Yes**     **No**

- If yes, please describe it, including when (approximately). Use back of form if needed:  
\_\_\_\_\_  
\_\_\_\_\_.
- If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy?  **Yes**     **No**

3. Are you an independent, as defined in the Conflict of Interest Policy?  **Yes**     **No**

- If you are not independent, why? \_\_\_\_\_

I AFFIRM THAT: (1) I RECEIVED A COPY OF THE KENDALL COUNTY SHERIFF'S OFFICE FOUNDATION CONFLICT OF INTEREST POLICY; (2) I HAVE READ AND UNDERSTAND THE POLICY; (3) I AGREE TO COMPLY WITH THE POLICY; (4) I UNDERSTAND THAT KENDALL COUNTY SHERIFF'S OFFICE FOUNDATION IS A CHARITABLE ORGANIZATION AND IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF TAX-EXEMPT PURPOSES; AND (5) THE FOREGOING ARE TRUE AND ACCURATE STATEMENTS.

\_\_\_\_\_  
Signature of Director, Officer or Committee Member