

Ester Village Library

Conflict of Interest Policy and Annual Statement

Enacted 2/2/2026

Section 1. Purpose

The purpose of the conflict of interest provision is to protect this corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or might result in a possible excess benefit transaction. This provision is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Interested party

Any director, principal officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest or receives any remuneration from the corporation, is an interested person.

- 1) Financial interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family an ownership or investment interest in any entity with which the corporation has a transaction or arrangement, or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- 2) Compensation: A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation (they are not prohibited from providing information to any committee regarding compensation).

Section 3. Procedures

The Board and its members will abide by the following 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 disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.
- 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, 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.

Section 4. Addressing conflicts in decision making

After determining that a conflict does or may exist the board or committee can choose one or several of the following action steps:

- 1) Allow an interested person to make a presentation at the 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.
- 2) The chairperson of the governing board or committee shall, if appropriate, appoint an independent and disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 3) After exercising due diligence, they shall determine whether the corporation 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.
- 4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, they shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest.
- 5) In conformity with the above determination, it shall make and record in the minutes its decision as to whether to enter into the transaction or arrangement, including 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 committee's decision as to whether a conflict of interest in fact existed.

Section 5. Annual Statements

Each officer or director shall annually sign a statement which affirms such person:

- 1) has received a copy of the conflict of interest policy;
- 2) has read and understands the policy;
- 3) has agreed to comply with the policy; and
- 4) understands the corporation 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.

Statement of Understanding of Conflict of Interest Policy

I, _____, a Director or Officer of the Ester Village Library,

- 1) has received a copy of the conflicts of interest policy;
- 2) has read and understands the policy;
- 3) has agreed to comply with the policy; and
- 4) understands the corporation 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.

Printed Name

Date

Signature