

Christian Medical & Dental Associations Conflicts of Interest Policy

Article I: Purpose

The purpose of the conflicts of interest policy is to protect Christian Medical and Dental Associations' (CMDA) interest when it is contemplating entering into a transaction, arrangement, or activity that might benefit the private interest of an officer, director, or key employee of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II: Definitions

1. Interested Person (herein "closely related person")

Any trustee or ex-officio board member, principal officer, key employee, or member of a committee with board-delegated powers who has a direct or indirect financial interest, as defined below, or a family member of the above named, is a Closely Related Person. Principal officers and key employees are those who are able to influence organizational decisions (includes, but is not limited to, Chief Executive Officer, CFO, Senior Vice President, and Controller). Closely Related Persons would also include a major donor if that donor exerts influence over CMDA financial decisions.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business or family –

- (a) A current or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation has or is negotiating a transaction or arrangement.
- (b) Compensation includes direct and indirect remuneration as well as gifts or favors substantial in nature.
- (c) A financial interest is not necessarily a conflict of interest. The Board must consider the circumstances and facts to determine whether the transaction under consideration is an "arms-length" transaction or if an activity is an excess benefit transaction to a Closely Related Person.

Note: Activities involving a Closely Related Person have an indirect or direct financial benefit

- When the activity is in large part organized or supervised by the Closely Related Person, and such organization or supervision is not part of that individual's usual responsibilities; or
- When the activity is specifically designed to permit participation by the Closely Related Person; or
- When participation in a regular activity occurs by a process other than the established application and acceptance procedures of that program.

Article III: Procedures

1. Duty to Disclose

In connection with any actual or possible conflicts of interest, a Closely Related Person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Chief Executive Officer, Board of Trustees, or Executive Committee of the Board, considering the proposed transaction or arrangement.

2. Documentation needed:

- (a) A statement concerning the relationship of the activity to the Statement of Purpose of CMDA;
- (b) A description of the activity or transaction, to include all relevant details;
- (c) A description of the role of the Closely Related Person to the activity or transaction;
- (d) For an activity such as a mission trip (apart from a standard Global Health Outreach trip), a statement of the projected costs of the activity, to include the anticipated source(s) of funds, equipment, supplies, or services not contributed by the Closely Related Person;
- (e) A signed statement that the Closely Related Person is willing to abide by the applicable standards of conduct while engaged in the activity endorsed by CMDA. This statement will be prepared by CMDA and will include a list of those standards of conduct expected by CMDA;
- (f) A statement from the CMDA Chief Financial Officer certifying the adequacy of the required documentation.

3. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the Closely Related Person, he or 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 and if the transaction involved is an “arms-length” transaction.

4. Additional Considerations

- (a) If family members or friends participate with, or accompany the Closely Related Person, their expenses should be considered part of the ministry project only if they fulfill an essential role in the activity.
- (b) As a guide: at least 6 – 8 hours per day, and 5 days per week, should be devoted to the ministry activity by all involved.
- (c) Only an insignificant part of the travel or activity will be vacation or personal, unless funded separately from the ministry activity.
- (d) Progress or final reports will be provided to document the activity and outcomes.

5. Procedures for Addressing the Conflict of Interest

- (a) If the participation is by a CMDA staff member or a member of any directly affiliated ministry of CMDA, or a family member of such, the Chief Executive Officer or Senior Vice President will approve or disapprove.
- (b) A Closely Related Person may make a presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion or, and the vote on, the transaction or arrangement that results in the conflict of interest.
- (c) The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (d) After exercising due diligence, the board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- (e) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

6. Violations of the Conflicts of Interest Policy

- (a) If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis of such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact 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 committee 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 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 therewith.

Article V: Compensation

A voting member of the board of directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

Article VI: Annual Statements

Each director, principal officer, and member of a committee with board-delegated powers shall annually sign a statement that affirms that such person:

- (a) has received a copy of the conflicts of interest policy,
- (b) has read and understands the policy,
- (c) has agreed to comply with the policy, and
- (d) understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII: Periodic Reviews

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) whether compensation arrangements and benefits are reasonable and are the result of arms-length bargaining;
- (b) whether partnership and joint venture arrangements and arrangements with management service organizations and physician hospital organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

Article VIII: Use of Outside Experts

In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Annual audit – the Audit Committee shall notify independent auditors of conflicts of interest/related party transactions that come before the Board.

**CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS
DISCLOSURE STATEMENT**

I, _____, hereby declare as below set forth.

1. I have read and agree with the Conflict of Interest Policy Statement of the Christian Medical & Dental Associations (CMDA).

2. As of the below date, neither I nor my spouse nor family members of mine have any material interest nor act in any capacity which could result in a conflict of interest with the Business of CMDA or otherwise be in breach of said Policy Statement, except

3. During my term or terms of office I agree to promptly inform the Board in writing upon the occurrence of each event which could result in such aforesaid conflict or otherwise not be in complete compliance with said Policy Statement.

Witness my signature this _____ day of _____, 20__.

Signature

Residence address:

Street

City, State, Zip

Social Security Number