

NMSAAM Conflict of Interest Policy

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1 Purpose and Scope

1.1 Purpose

The purpose of this Board conflict of interest policy is to protect the interests of the New Mexico Society of Acupuncture and Asian Medicine, hereafter NMSAAM, when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of NMSAAM or might result in a possible excess benefit transaction.

1.2 Scope

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.

1.3 Independent directors

This policy is also intended to identify “independent” directors.

2 Definitions

2.1 Interested Person

Any director, 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.

2.2 Financial Interest

2.2.1 Difference From Conflict of Interest

A financial interest is not necessarily a conflict of interest

2.2.2 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.

2.2.3 Financial Interest

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

- 2.2.3.a An ownership or investment interest in any entity with which NMSAAM has a transaction or arrangement,
- 2.2.3.b A compensation arrangement with NMSAAM or with any entity or individual with which NMSAAM has a transaction or arrangement, or
- 2.2.3.c A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NMSAAM is negotiating a transaction or arrangement.

2.3 Compensation

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

2.4 Independent Director

A director 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 director:

2.4.1 Non-employee

is not, and has not been for a period of at least three years, an employee of NMSAAM or any entity in which NMSAAM has a financial interest;

2.4.2 No Significant Business Relationship

does not directly or indirectly have a significant business relationship with NMSAAM, which might affect independence in decision-making;

2.4.3 Non-employee of Another Corporation

is not employed as an executive of another corporation where any of NMSAAM’s executive officers or employees serve on that corporation’s compensation committee; and

2.4.4 Immediate Family

does not have an immediate family member who is an executive officer or employee of NMSAAM or who holds a position that has a significant financial relationship with NMSAAM.

2.5 Non-financial Interest

Is a non-financial interest that might influence an officer’s, director’s, or committee member’s participation or vote in an action of the officer’s, director’s, or committee member’s duties including :

2.5.1 Volunteer, Officer, or Director

The person’s relationship as an unpaid volunteer, officer or director of an organization that may be affected, directly or indirectly, by action to be taken, or not taken, by NMSAAM; or

2.5.2 Personal Relationship

The person's personal, political, religious, friendship, or personal relationships which may be affected by an action to be taken, or not taken, by NMSAAM.

3 Procedures

3.1 Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of any financial interest and be given the opportunity to disclose all material facts to the Board or Executive Committee.

3.2 Disclosure of Non-financial Interests

Directors shall disclose non-financial interests generally in their annual statement, and specifically as individual interests arise; non-financial interests are expected, and shall not be reviewed unless a Board member (including the affected member) requests that the interest be reviewed under the Conflict of Interest Policy.

3.3 Recusal of Self

Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director 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.

3.4 Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest all material facts will be disclosed and reviewed, including discussion with the interested person. Upon request by a Board member the material facts of a non-financial interest will be reviewed, including discussion with the interested party. Then the potentially conflicted Member 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.

3.5 Procedures for Addressing the Conflict of Interest

3.5.1 Presentation

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, arrangement, or other matter involving the possible conflict of interest.

3.5.2 Consider Alternatives

The Chairperson of the Board or Executive Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

3.5.3 Advantageous Arrangement

After exercising due diligence, the Board or Executive Committee shall determine whether NMSAAM can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not

give rise to a financial conflict of interest.

3.5.4 Decision by Majority Vote

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a financial 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 NMSAAM's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

3.6 Violations of the Conflicts of Interest Policy

3.6.1 Reasonable Cause

If the Board or Executive Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

3.6.2 Cause for Action

If, after hearing the member'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.

4 Records of Proceedings

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

4.1 Record of Disclosures and Findings

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.

4.2 Record of Those Present

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.

5 Compensation

5.1 Board Members

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

5.2 Committee Members

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NMSAAM for services is precluded from voting on matters pertaining to that member's compensation.

5.3 Relevant Information

No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NMSAAM, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

6 Annual Statements

6.1 Annual Statement Content

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

6.1.1 Received Copy

Has received a copy of the conflict of interest policy;

6.1.2 Read and Understood

Has read and understands the policy;

6.1.3 Agree to Comply

Has agreed to comply with the policy; and

6.1.4 Tax-Exempt Status

Understands NMSAAM 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.

6.2 Annual Statement Independent Director

Each voting member of the Board shall annually sign a statement which declares whether such person is an independent director.

6.3 Changes to Information in Annual Statement

If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.

6.4 Review of Annual Statements

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

7 Periodic Reviews

To ensure NMSAAM 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:

- 7.1 Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining; and
- 7.2 Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to NMSAAM's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in benefit or impermissible private benefit or in an excess benefit transaction.

8 Use of Outside Experts

When conducting the periodic reviews as provided for in Article 7, NMSAAM may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

9 Revision History

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