

COLORADO HUMANE SOCIETY & S.P.C.A, Inc.
CONFLICT OF INTEREST POLICY

I. GENERAL CONSIDERATIONS

As a nonprofit, tax-exempt corporation, the Colorado Humane Society & S.P.C.A., Inc. (“CHS”) must conform with the requirements of state corporation law and the Internal Revenue Code. Directors and officers of CACS have fiduciary duties of loyalty and care which require them to act in the best interests of CHS and which prohibit them from benefiting personally to the detriment of CHS. Such individuals are expected to advance the interests of CHS over any interests that may be adverse to CHS.

The purpose of the Conflict of Interest Policy of CHS is to provide general guidelines to our Board of Directors, officers and manager or director level or equivalent employees (who shall be referred to in this policy collectively as “Members”) concerning the policies and procedures regarding actual or potential conflicts of interest, which apply to CHS. 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.

By assuming his or her office or duties, each Member assumes a duty of loyalty to CHS and acknowledges that the best interests of CHS must prevail over any individual interests. The choice of individuals or organizations with whom CHS has business relationships must be determined solely on the basis of the best interests of CHS.

A conflict of interest may exist when the interests or concerns of any Member, his or her family, or any party, group, or organization in which the Member is actively involved, may be seen as competing with the interests of CHS or as potentially affecting the independent judgment of the Member. It is immaterial whether CHS is adversely affected by the conflict.

It is not possible to enumerate all situations which may constitute a conflict. The facts of each situation will determine whether the interest in question is such as to bring it within an area of material conflict. Such facts include the amount of money involved, the extent to which the Member could influence CHS’s decisions, and whether the interest is of such a nature that it might affect the objectivity or the business judgment of the Member. In determining whether a conflict is involved, there is no substitute for sound judgment in each case based upon the particular facts involved.

A. WHAT CONSTITUTES A CONFLICT OF INTEREST

A. Types of Transactions in Which Conflicts May Arise

1. **Personal Gain From Position.** A Member has a conflict of interest when he or she, or any member of one’s immediate family, may in any way realize personal financial gain at the expense of CHS. Such conflicts may arise if a Member has an interest in any organization which has, or is seeking to have, business dealings with CHS; if the Member seeks to buy, sell, or lease any kind of property, facilities, equipment or services from or to CHS; or if the Member has a position with any organization which is seeking to do business with CHS.
2. **Fiduciary Duties.** A member has a conflict of interest when he or she has a fiduciary duty to another entity that may prevent him or her from acting in the best interests of CHS.

B. Prohibition Against Loans and Gifts

1. CHS shall make no loans to any Member. Any Members who make or assent to the making of any such loan shall be jointly and severally liable to CHS to the extent of such loan and interest until the loan is repaid.
2. No Member may accept from a third party any substantial gift or any other similar benefit whenever the gift or benefit is received because of the Member’s duties for or relationship to CHS. Gifts of cash or cash equivalents from a third party of any amount are not permitted. The giving or receipt of common courtesies, occasional meals or reasonable entertainment appropriate to a business relationship and

associated with business discussions, are regarded as being consistent with sound business practice, and are not a conflict of interest.

- C. Use of Confidential Information. A Member may not use for personal advantage or for the advantage of any other group, organization or business, any confidential information or material acquired in the discharge of the Member's responsibilities with CHS. Such information may include, but is not limited to, rosters, mailing lists, telephone directories, business plans, certain information regarding donors, and confidential Board proceedings.

II. PROCEDURES FOR DISCLOSURE AND REVIEW OF CONFLICTS OF INTEREST

Members shall follow the following procedure when they become aware that CHS is considering whether to enter into a transaction or otherwise approve action with respect to which they have (or may have) a conflict of interest:

- A. Members shall disclose any potential conflict of interest in writing to the Board Chair or President of CHS for review prior to approval of such transaction. Neither CHS nor any Member shall engage in any transaction involving a conflict of interest until the Board approves such transaction.
- B. When advised of a conflict of interest, the Board shall ascertain whether the conflict can be avoided or eliminated, or whether the transaction is fair to CHS, despite the existence of the conflict. The fairness of a transaction shall be determined on the basis of whether the proposed transaction is at least as favorable to CHS as a transaction with disinterested individuals or organizations in arms-length transactions. In the event the conflict of interest involves a member of the Board, the interested Member shall recuse him or herself from the Board's deliberations and determination. The Board may also decide to refer the conflict to legal counsel for advice.
- C. When any conflict of interest is relevant to a matter requiring action by the Board of CHS, the interested Member shall call it to the attention of the Board, and he or she shall not vote on the matter. Moreover, the person having the conflict shall leave the room in which the meeting is held and shall not participate in the final deliberations or decision regarding the matter.
- D. The Dumb Friends League shall review any potential conflicts of interest before it nominates any Member for election or appointment to the Board.

III. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

- A. In the event that a potential conflict of interest is not disclosed, the matter shall be referred to Board regarding appropriate action against the Member involved in the conflict.
- B. If Board has reasonable cause to believe a Member has failed to disclose actual or potential conflicts of interest, the Board shall inform the Member of the basis for such belief and afford the Member an opportunity to explain the alleged failure to disclose.
- C. If, after hearing the Member's response and after making further investigation as warranted by the circumstances, the Board determines the Member has failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action.
- D. Any contract entered into in violation of this Policy shall be, to the fullest extent permitted by law, void and unenforceable if the Board so determines. In such event, the Board, at the next meeting of the Board, shall vote again on the contract, decision, or other action taken in violation of Policy.

IV. ANNUAL STATEMENTS

- A. A copy of this Policy shall be provided to all Members.
- B. Each Member shall annually sign a statement which affirms such person:
 - 1. Has received a copy of the Policy,
 - 2. Has read and understands the Policy,
 - 3. Has agreed to comply with the Policy and
 - 4. Has disclosed all conflicts of interest or potential conflicts of interest in accordance with the Policy.

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Questionnaire

I have read the CHS Conflict of Interest Policy, as approved by the Board of Directors of CHS. I hereby disclose material interests (please check the appropriate box):

Related entities in which I have a material interest

Name of Entity	Relationship to Colorado Humane Society & S.P.C.A., Inc.	Type of interest
Dumb Friends League	Sole Member of CHS	

[Any other entity name]	[supplier, client, tenant, lessor, lessee, agent, competitor, other] (please explain if necessary)	[equity holder, debt holder, fiduciary or agent, contractor, employee, family} (please explain if necessary)
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I have no material interests in related entities.

I have read the policy and understand its requirements. I will bring to the attention of the Chairman of the Board or the President of CHS within 30 days any interests or conflicts that arise that are not disclosed above.

Print Name

Signature

Date