

## Conflict of Interest and Duality of Interest Policy

### Article I: Purpose

The purpose of the policy is to protect this tax-exempt organization's (Organization) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to not for profit organizations. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a "Financial Interest," as defined herein, may have a conflict of interest only if the Board of Directors of the Organization decides that a conflict of interest exists.

### Article II: Definitions

#### 1. Interested Person

Any director, principal officer, or member of a committee with powers delegated to it by the Board of Directors, 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 has:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement or with which the Organization is contemplating a transaction or arrangement;
- b. A compensation arrangement with any entity or individual with which the Organization has a transaction or arrangement or with which the Organization is contemplating a transaction or an arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization has a transaction or arrangement or with which the Organization is contemplating a transaction or arrangement.

#### 3. Compensation

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

### Article III: Procedures

#### 1. Duty to Disclose

In connection with any actual or possible conflict of interest or duality of interest, an Interested Person must disclose the existence of the Financial Interest and must disclose all material facts to the Board of Directors that are pertinent to the proposed transaction or arrangement.

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

- a. An Interested Person may make a presentation to the Board of Directors at the meeting at which the arrangement or transaction will be considered 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 chairperson of the meeting of the Board of Directors 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 of Directors shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not have a conflict of interest.
- d. If a more advantageous transaction or arrangement that would not give rise to a conflict of interest or duality of interest is not reasonably possible under circumstances, the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interests, 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. Determining Whether a Conflict of Interest Exists

- a. The Board of Directors of the organization is vested with the exclusive authority to determine, according to the provisions set forth herein, whether a conflict of interest or duality of interest exists and the effect it has or may have on an arrangement or transaction or a proposed arrangement or transaction.

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- b.** After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the meeting of the Board of Directors while the determination of the existence of a conflict of interest or duality of interest is discussed and voted upon. The remaining board shall decide if a conflict of interest or duality of interest exists. If the conflict of interest or duality of interest is found to exist with the Interested Person and no other reasonably satisfactory transaction or arrangement can be entered into between the Organization and a person or entity that has no conflict of interest or duality of interest, then the transaction or arrangement proposed with the Interested Person may be executed.
- c.** No arrangement or transaction shall be void or voidable solely based on a conflict of interest if
  - (i) the material facts as to the arrangement or transaction are disclosed or are otherwise known to the Board of Directors of the Organization and the Board in good faith authorizes the arrangement or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, or
  - (ii) the arrangement or transaction is fair as to the Organization at the time it is approved or ratified by the disinterested members of the Board of Directors, even though the disinterested directors be less than a quorum.

## **4. Violations of the Conflicts of Interest Policy**

- a.** If the Board of Directors has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest or duality of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the Interested Person's response and after making such further investigation as may be warranted by the circumstances, the Board of Directors determines the Interested Person has failed to disclose an actual or possible conflict of interest or duality of interest, it shall take appropriate disciplinary and corrective action.
- c.** An Interested Person otherwise entitled to indemnity under the Constitution of the Organization or as a matter of law shall not be denied indemnification because of a conflict of interest in connection with any arrangement or transaction if the arrangement or transaction did not contravene or was not otherwise prohibited by the terms hereof.

## **Article IV: Records of Proceedings**

The minutes of the Board of Directors shall contain:

- a.** 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 or duality of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest or duality of interest was present, and the decision of the Board of Directors as to whether a conflict of interest or duality of interest in fact existed.
- b.** 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**

- a.** A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b.** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **Article VI: Annual Statements**

Each director, principal officer, and each member of any committee to which the Board of Directors has delegated the authority to investigate a particular arrangement or transaction proposed by an Interested Person, shall annually sign a statement which affirms that such person:

- a.** Has received a copy of this Conflict of Interest and Duality of Interest Policy,
- b.** Has read and understands the policy,
- c.** Has agreed to comply with the policy, and
- d.** Understands that the Organization exists as a not for profit corporation organized under the laws of the state of Oklahoma and that to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## Article VII: Periodic Reviews

### 1. Purpose of review

To ensure that the Organization operates in a manner consistent with its status as a not for profit corporation, and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews of its activities shall be conducted by the Board of Directors of the Organization. The periodic reviews shall, at a minimum, include the following subjects:

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

### 2. Use of Outside Experts

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

I acknowledge that I have received a copy of the AKGA Conflict of Interest Duality of Interest Policy. I have read and understand the policy and agree to comply with the policy. I understand that the AKGA is a not for profit organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

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Signature

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Printed Name

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Date