

1000 Friends of Florida
BOARD POLICY ADOPTED 01/31/2011

Conflict of Interest

PURPOSE and Standard Operating Procedure:

To ensure that 1000 Friends of Florida (1000 Friends) fulfills its fiduciary obligations to prospective donors as well as the conservation community; to enable 1000 Friends of Florida to make required reports and disclosures to the U.S. Internal Revenue Service and charitable rating entities; to preserve 1000 Friends of Florida's reputation; and to assure consistency with "Integrity Beyond Reproach."

RESPONSIBLE PARTY: President and Executive Director

I. Scope and General Rules

A **conflict of interest** exists when an individual who is responsible for acting in the best interests of 1000 Friends has another interest or loyalty that could influence or impair, or may appear to influence or impair, the individual's ability to act in the best interests of 1000 Friends. The term "conflict of interest" includes

- actual conflicts of interest
- potential conflicts of interest (situations that could become actual conflicts in the future based upon foreseeable events or the passage of time); and
- perceived conflicts of interest (situations that others could reasonably perceive to be, or have the appearance of a conflict of interest)

Guiding principles: All staff and Board Members are responsible for identifying conflicts of interest, and disclosing them to the appropriate 1000 Friends manager or attorney. 1000 Friends employees must determine whether the conflict can or should be avoided to protect the best interests of 1000 Friends. If it is not reasonably possible to avoid a particular conflict of interest or it is not in 1000 Friends' best interest to avoid it, all staff and Board members are responsible for fashioning appropriate strategies to mitigate and manage the potential adverse consequences of the conflict of interest, and obtaining approval as described in this Standard Operating Procedure before proceeding with the affected activity.

II. Identifying Conflicts of Interest

Before engaging in any activity on behalf of 1000 Friends, staff and Board Members must identify and disclose any situations that could give rise to a conflict of interest or the appearance of a conflict. Such disclosure should be made *as early as possible* by parties with whom 1000 Friends plans to enter into a transaction.

Conflicts of interest are not always clear-cut and easy to define. They require case by case

analysis. 1000 Friends is concerned with the disclosure and management of conflicts of interests involving “covered persons.” However, not all activities or transactions with a covered person generate conflicts of interest. Conversely, a particular factual situation may generate a conflict of interest even when no covered person is involved. Early consultation with a senior manager or 1000 Friends attorney can assist in analyzing the conflict of interest and strategies for avoidance or mitigation. This Standard Operating Procedure sets forth specific guidance for some areas of potential conflicts (see Types of Conflicts below). These are only examples, and it is the responsibility of each individual to be sensitive to any situation that creates or appears to create a conflict of interest.

III. Reporting, Review and Approval Process

If a conflict is identified, the 1000 Friends staff member who is responsible for initiating and/or overseeing the proposed activity must report the conflict to his or her supervisor and the appropriate 1000 Friends attorney. Before proceeding with the proposed activity, review and approval to proceed must be obtained as described in this section. While a request for approval of a proposed course of action is pending or being considered, the individual involved in the conflict must refrain from participating in the activity and/or withdraw from any discussion of or decision on the matter.

Guiding Principles. In evaluating conflict situations in order to determine an appropriate course of action, 1000 Friends will be guided by the following criteria and considerations:

- Availability of other alternatives that would avoid the conflict of interest;
- Compliance with the letter and the spirit of all applicable laws relevant to all parties to the transaction;
- Compliance with these Standard Operating Procedures;
- Avoidance of private benefit and inurement;
- Transparency;
- Conservation benefits likely to be achieved;
- Consequences to 1000 Friends from declining to participate;
- Financial or other benefits to 1000 Friends;
- Financial or other benefits to the other party;
- Nature and extent of risk to 1000 Friends’ reputation; and
- Ability to mitigate reputational risks.

When seeking review and approval of a course of action involving an actual, potential, or perceived conflict of interest, the President and Executive Director shall be so informed. He/she will recommend a course of action that is designed to minimize the conflict’s potential adverse consequences. This recommendation shall be made to the Executive Committee of 1000 Friends which will take action as appropriate on behalf of the Board of Directors.

IV. DEFINITIONS: COVERED PERSONS

For purposes of this Standard Operating Procedure, all conflicts of interests involving the following “**covered persons**” must be disclosed and reviewed as provided below unless an Exception (Part VI) applies.

1. A person who in the current fiscal year is or during the preceding five fiscal years was
 - a. An employee of 1000 Friends; or
 - b. A member of the Board of Directors.
2. **Substantial contributors:** A person or entity whose total aggregate contributions to 1000 Friends of Florida (i) during the current year are equal to or greater than U.S. \$50,000 or (ii) during the prior five years are equal to or greater than U.S. \$100,000.
3. **The following family members of any individual listed in Paragraphs 1, 2 and 3 above:** spouse, siblings, siblings’ spouses, all ancestors and their spouses, direct descendants (natural and adopted) through great grandchildren and their spouses, step-parents, step-siblings, in-laws (father, mother, daughter, son, brother and sister), and any person with whom the covered person shares living quarters under circumstances that closely resemble a marital

V. TYPES OF CONFLICTS OF INTEREST

The following are examples of recurring conflicts of interest at 1000 Friends which, unless an Exception of Part VI applies, generally require disclosure and approval before proceeding. This list is not exhaustive and is provided for illustrative purposes only

1. Grants made by 1000 Friends for the benefit of covered persons (subject to Exception b.1 of Part VI below)
2. Business transactions involving covered persons
3. Hiring individuals who are family members (as defined above) of covered persons
4. Acceptance of gifts of conservation easements or other partial interests in land from a covered person
5. Acceptance of gifts of securities in closely held corporations from a covered person
6. Employee serving on the board or other governing body of a for-profit corporation with which 1000 Friends contracts for services, contracts for purchase of land, or transacts other business
7. Employee serving on a governmental regulatory board or quasi-judicial or quasi-legislative commission that may take actions that could affect 1000 Friends

8. Employee serving on the board of a like-minded conservation non-profit where 1000 Friends and the other organization wish to enter into transactions of the type described in this Part V
9. 1000 Friends employees engaging in work outside of 1000 Friends, including contract and consulting work, whether paid or unpaid, for a conservation organization or other organization where the potential for a conflict of interest between the employee's duties to 1000 Friends and the other employer may exist, or where confidential information or assets of 1000 Friends may be of value to the other employer
10. A covered person is utilizing inside information for his or her personal benefit.

VI. EXCEPTIONS

- 1. Non-Conflicts:** The following situations are not treated as conflicts and do not require disclosure under this Standard Operating Procedure:
 - a. Transactions with government agencies and entities.
 - b. A 1000 Friends employee seeking outside employment or self-employment, where the nature of the work associated with the outside employment is unrelated to, and does not substantially interfere with the services that the employee provides to 1000 Friends.
 - c. Service by a 1000 Friends employee on the board of a non-profit social services organization, religious organization or school district, provided, however, that if such service involves participation in candidate election activities, such activity must occur during a leave of absence.
 - d. Acceptance of grants or donations from covered persons EXCEPT donations of conservation easements, other partial interests in land, and securities in closely held corporations, described in Section V as conflicts.
 - e. Service by any 1000 Friends of Florida employee, board member or trustee on the board of a like-minded conservation non-profit organization (such as a land trust) is not per se a conflict of interest. However, such service may present a conflict of interest and requires a conflict assessment if:
 - (1) 1000 Friends and the other non-profit wish to enter into a transaction described in Section V. In such a case, the affected party must disclose the conflict of interest, verbally and in writing, and recuse him/herself from participating in all decisions involved in the transaction, and 1000 Friends must not proceed with the transaction until the conflict has been reviewed and resolved.
 - (2) At any time during such Board service, the interests of 1000 Friends and the other non-profit actually conflict or may appear to conflict. In such case, the employee must promptly withdraw from board service.

2. Conflicts Requiring Management Review. The following situations involve conflict of interest determinations that can be made by managers responsible for the affected activity and do not require consideration by the President and Executive Director or Board of Directors. Managers are expected to obtain disclosure, review the conflicts of interest presented, and either avoid the conflict or implement mitigation strategies appropriate to the level of risk presented.

- a. *De Minimis* Exceptions. For purposes of the Conflict of Interest policy and the Standard Operating Procedure, transactions between 1000 Friends and a third party that involve no more than \$2,500 and that do not involve a member of the Board of Directors, or a Substantial Contributor are defined as *de minimis* exceptions and do not require review a conflict assessment.