

LaGrange Association Library Conflict of Interest Policy

The purpose of this Conflict of Interest Policy is to protect the interest of LaGrange Association Library when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers, directors or staff. This policy is intended to supplement but not replace any applicable federal, state or local laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Interested Person. Any director, principal, officer, member of a committee or staff member with board delegated powers who has a direct or indirect financial interest, as defined below, is an *Interested Person*.

Financial Interest. An individual has a *Financial Interest* if the individual has, directly or indirectly, through business, investment or family – (a) an ownership or investment interest in any entity with which LaGrange Library has a transaction or arrangement, (b) a compensation arrangement with LaGrange Library or with any entity or individual with which LaGrange Library has a transaction or arrangement, or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which LaGrange Library is negotiating a transaction or arrangement. Compensation includes direct or indirect remuneration as well as gifts or favors that are substantial in nature. A *Financial Interest* is not necessarily a conflict of interest. An individual who has a *Financial Interest* may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Duty to Disclose. In connection with any actual or possible conflict of interest, an *Interested Person* must disclose the existence and nature of his/her *Financial Interest* and must be given the opportunity to disclose all material facts to the directors or members of the appropriate committee with board delegated powers considering the proposed transaction or undertaking.

Determining Whether a Conflict of Interest Exists. After disclosure of the *Financial Interest* and all material facts, and after any discussion with the *Interested Person*, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. After exercising due diligence, the board or committee, if appropriate, shall determine whether LaGrange Library 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. 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 LaGrange Library's best interest and for its own benefit and whether the transaction is fair and reasonable to LaGrange Library and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination. The minutes of the board and all committees with board delegated powers shall record the names of all persons participating in the meeting, a summary of the discussion, including any proposed alternative arrangements, and a record of any votes taken in connection with the final determination.

To be considered fair and reasonable and to avail itself of the refutable presumption of reasonableness under the IRS's excess benefit transaction regime, 26 U.S.C. 4958, fair and reasonable requires that LaGrange Library use comparability data, meaning that LaGrange Library has looked at more than three similar transactions. A fair and reasonable transaction is generally an arms-length transaction.

Annual Statements. Each director, principal officer, member of a committee and staff with board delegated powers, shall annually sign a statement which 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 understands that LaGrange Library is a charitable 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.

Periodic Reviews. To ensure that LaGrange Library 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 of the Conflict of Interest Policy and requirements shall be conducted.

LaGrange Association Library

CERTIFICATION

I have received a copy of the LaGrange Library's Conflict of Interest Policy. I have read and understand it, and agree to comply with this policy. I also understand that LaGrange Library is a not-for-profit organization with federal tax exempt status, and as such, it must engage primarily in activities that accomplish its mission for its tax exempt purpose.

I hereby certify that to the best of my knowledge and belief, I do not have any interests, activities, and have not accepted any gratuities which might be regarded as constituting a conflict of interest, or dual interest, or as influencing my judgments or actions concerning the business, LaGrange Library, except as stated below (if "NONE", please so state).

I further certify that I will promptly disclose in writing to the president of the Board of Trustees any such interest, activity or gratuity which may arise in the future while I am serving as a director, member of a committee or staff of LaGrange Library.

Name:

Signature: _____ Date:

~Approved by the Board of Trustees March 13, 2008