



Myositis Support and Understanding Association, Inc.

Board Member/Staff Conflict of Interest Policy and Agreement

ARTICLE I - PURPOSES

It is important for the Board of Directors, Officers, Volunteers and Employees of Myositis Support and Understanding Association, Inc., hereinafter referred to as "MSU," to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting the affairs of MSU and that the appearance of conflict can be troublesome even if there is, in fact, no conflict whatsoever. Conflicts may occur because Board Members may have multiple interests, affiliations and hold various positions of responsibility within the community. In these situations a person will sometimes owe identical duties of loyalty to two or more Corporations or businesses. The purpose of the conflict of interest policy is to protect MSU's 501(c)(3) tax-exempt status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Board Member, Officer, Volunteer or Employee of MSU or might result in a possible excess benefit transaction. The policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit charitable corporations.

Conflicts are undesirable because they potentially or eventually place the interests of others ahead of MSU's obligations to its charitable purposes, its mission and to the public interest. Conflicts often reflect adversely upon the person involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, the long-term best interests of MSU do not require the termination of all association with persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

Each Member of the Board of Directors and the staff of MSU has a duty of loyalty to MSU. The duty of loyalty generally requires an Officer, Member of the Board or staff member to prefer the interests of MSU over their own interests or the interests of others when conducting MSU business. In addition, Officers, Directors of the Board and staff of MSU shall avoid acts of self-dealing which may adversely affect the tax-exempt status of MSU or cause there to arise any sanction or penalty by a governmental authority.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board of Directors and members of committees considering the proposed transaction or arrangement.

ARTICLE II: DEFINITIONS

2.1 Interested Person

Any Board Member, Officer or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2.2 Financial Interest

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

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

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board of Directors, or appropriate committee, decides that a conflict of interest exists.

ARTICLE III: PROCEDURES

3.1 Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board of Directors and members of committees considering the proposed transaction or arrangement.

3.2 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 or she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide, by majority vote, if a conflict of interest exists.

3.3 Procedures for Addressing the Conflict of Interest

- (a) An interested person may make a presentation at a Board or committee meeting, but after the presentation, he or 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 presiding Chair of the Board or committee 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 or committee shall determine whether MSU can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested Directors of the Board whether the transaction or arrangement is in MSU'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.

3.4 Violations of the Conflicts of Interest Policy

- (a) If the Board of Directors or committee has reasonable cause to believe a Board Member has failed to disclose actual or possible conflicts of interest, it shall inform the Board Member of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the Board Member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the Board Member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV: RECORDS OF PROCEEDINGS

4.1 Minutes

The minutes of the Board and all committees 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, the nature of the financial interest, any action taken to determine whether a conflict of interest was present and the Board or committee's decision as to whether a conflict 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 governing board who receives compensation, directly or indirectly, from MSU for services is precluded from voting on matters pertaining to that Board member's compensation.

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

ARTICLE VI: ANNUAL STATEMENTS

Each Director, Officer and Member of the Board of Directors shall annually sign a statement, which affirms 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
- (d) Understands that MSU is charitable, and in order to maintain its federal tax exemption status, it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

ARTICLE VII: PERIODIC REVIEWS

To ensure MSU 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:

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

ARTICLE VIII: USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, MSU 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.

CERTIFICATE OF ADOPTION FOR THE CONFLICT OF INTEREST POLICY AND AGREEMENT

I do hereby certify that I have read, understand and agree to comply with the above stated Conflict of Interest Policy and Agreement for Myositis Support and Understanding Association, Inc.

Please disclose any potential or perceived conflicts of interest below and/or attach any documentation, and sign this statement.

By signing below, you also agree you have never been convicted of a felony.

Printed Name

Signature

Date

CERTIFICATE OF ANNUAL REVIEW AND ACKNOWLEDGMENT OF THE CONFLICT OF INTEREST POLICY AND AGREEMENT

I do hereby certify that I have read, understand and agree to comply with the above stated Conflict of Interest Policy and Agreement for Myositis Support and Understanding Association, Inc.,

Please disclose any potential or perceived conflicts of interest below and/or attach any documentation, and sign this statement.

By signing below, you also agree you have never been convicted of a felony.

Printed Name

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