

MO-KAN COUNCIL OF AMATEUR RADIO CLUBS, INC.

CONFLICTS OF INTEREST AND DOCUMENTATION POLICY

February 13, 2016

ARTICLE 1. Purpose

The purpose of the conflicts of interest policy is to protect the interest of the Mo-Kan Council of Amateur Radio Clubs (the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or any other interested person, as defined below. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to nonprofit corporations. The procedures set forth in this policy shall be used for all actual or potential conflicts of interest transactions that the Corporation proposes to undertake, including any compensation arrangement between the Corporation and an interested person.

ARTICLE II. Definitions

1. Interested Person. Any director, principal officer, or member of a committee with board-delegated powers or any other person with substantial influence over the decisions of the board who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the system of which the Corporation is a part, he or she is an interested person with respect to all entities in the system.

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

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

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 appropriate board or committee decides that a conflict of interest exists.

3. Disinterested Director. A disinterested director is a director of the Corporation who is not an interested person.

ARTICLE III. Procedures

1. Duty to Disclose. In connection with any actual or possible conflicts of interest an interested person must disclose the existence of his or her financial interest and all material facts to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement in advance of the Corporation engaging in the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts relating thereto, 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 if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest.

- (a) A potential conflict of interest transaction or arrangement shall be reviewed and voted on by either the Corporation's board of directors or, if allowable under the Corporation's bylaws and governing state and local corporate law, by a committee of the board of directors.
- (b) An interested person may make a presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement that results in the conflict of interest.
- (c) The board or committee must carefully consider whether obtaining appropriate comparability data or a reasoned opinion is necessary in order to evaluate the fairness and reasonableness of the proposed transaction or compensation arrangement in question.
- (d) After exercising due diligence, the board or committee shall determine whether the Corporation 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.
- (e) 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 the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination. The transaction may not be authorized, approved or ratified by a single disinterested director.
- (f) If a majority of the disinterested directors on the board authorize, approve or ratify the transaction, a quorum is deemed present for purposes of taking action under subsection, unless the Corporation's bylaws provide otherwise. If a committee of the board of directors is voting on the transaction, the quorum requirement shall be determined in accordance with the Corporation's bylaws and state and local law.

4. Violations of the Conflicts of Interest Policy.

- (a) If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV. Documentation of Proceedings, Decision and Comparability Data

- 1. The minutes of the board and all committees with board-delegated powers 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's or committee's decision as to whether a conflict of interest in fact existed; and
 - (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 therewith; and
 - (c) Documentation of comparability data used and the analysis involved in the decision to determine whether the proposed arrangement or transaction in question was fair and reasonable.

ARTICLE V. Compensation Committees

- 1. A voting member of the board of directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services, including compensation as an independent contractor, is precluded from voting on matters pertaining to that member's compensation.

ARTICLE VI. Annual Statements

- 1. Each director, principal officer and member of a committee 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
 - (d) understands that the Corporation is a tax-exempt 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 and refrain from activities that confer impermissible private benefit or result in private inurnment.

ARTICLE VII. Periodic Reviews

1. To ensure that the Corporation operates in a manner consistent with its tax-exempt purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
 - (a) Whether compensation arrangements and benefits are reasonable and are the result of arms-length bargaining.
 - (b) Whether partnership and joint venture arrangements and arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's tax-exempt purposes and do not result in inurement or impermissible private benefit.
 - (c) Whether the other agreements and transactions involving the Corporation further the Corporation's tax-exempt purposes and do not result in private inurement or impermissible private benefit.

ARTICLE VIII. Use of Outside Experts

1. In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.