

**California Creativity  
Board Conflict of Interest  
Policy and Procedure**

Version 2.0

Effective: January 31, 2018

**Purpose of the policy**

California Creativity Association, DBA, California Destination Imagination (CalDI), is a nonprofit, tax-exempt organization that depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. The operations of CalDI must fulfill all legal requirements necessary as a nonprofit and as such are subject to scrutiny by and accountability to both governmental authorities and members of the public. The Board and its officers have the responsibility to administer the affairs of CalDI honestly and prudently, and of exercising their best care, skill, and judgment in the interests of CalDI.

**Policy statement**

The CalDI Board and officers shall exercise the utmost good faith in all transactions involved in their duties and shall not use their CalDI positions or knowledge gained therein for their personal benefit. The interests of CalDI must have priority in all decisions and actions.

Conflicts of Interest may arise in the relations of directors and officers with Interested Persons. It is the policy of the Board that the existence of any Conflict of Interest shall be disclosed and addressed on a timely basis.

**Definitions**

***Conflict of Interest***<sup>1</sup> -- a situation in which a CalDI Board member is involved in multiple interests, financial or otherwise, one of which could possibly corrupt the motivation or decision-making of that individual, the Board, or CalDI.

***Interested Person(s)***-- Any person currently being compensated by CalDI for services rendered it within the previous twelve (12) months, whether as a full-time or part-time officer or employee, independent contractor, or otherwise including any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. Any reasonable compensation paid to a director acting as director or bookkeeper/ accountant acting as bookkeeper as charged by the Board of Directors is specifically excluded.

***Material conflicting interest*** -- an interest or relationship, direct or indirect, between a CalDI Board member, the Executive Director, or an officer and any persons or firms resulting in a Conflict of Interest.

**Detailed policy statement**

The Board shall determine whether a conflict exists, if it is material, and in the presence of an existing material conflict, whether the contemplated may be authorized as just, fair, and

reasonable to CalDI. The decision of the Board on these matters will rest at its discretion. Its concern must be the welfare of CalDI and the advancement of its Mission.

### **Key Areas in Which Conflict May Arise**

Conflicts of Interest may arise in the relations of directors and officers with any of the following Interested Persons:

1. persons and firms supplying goods and services to CalDI
2. persons and firms from whom CalDI leases property and equipment
3. competing or affinity organizations
4. donors and others supporting CalDI
5. agencies, organizations, and associations that affect the operations of CalDI
6. family members and friends

The above is meant to be an example, not an exhaustive list. It is assumed that the Board members and officers will recognize such persons, areas, and relations by analogy.

### **Nature of Conflicting Interest**

A material conflicting interest might arise, for example, through one of the following, where an Interested Person:

1. holds office, serves on the Board, participates in management, or is otherwise employed (or formerly employed) with any organization having financial dealings with CalDI,
2. receives remuneration for services with respect to individual transactions involving CalDI,
3. uses CalDI's time, personnel, equipment, supplies, or good will other than for approved CalDI activities, programs, and purposes,
4. provides personal gifts or loans to CalDI Board members, Executive Director, or officers.

Receipt of gifts or loans is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

The fact that one of the interests described above exists does not mean necessarily that a conflict exists. If a conflict exists, it may not be of practical importance or upon full disclosure of all relevant facts and circumstances it may not necessarily be adverse to the interests of CalDI.

However, it is the policy of the Board that the existence of any of the interests described above shall be disclosed and addressed on a timely basis. It shall be the continuing responsibility of Board, officers and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

### **Disclosure Procedure**

Disclosure should be made to the CalDI Board. Transactions with Interested Person(s) may be undertaken only if all of the following are observed:

1. a material transaction is fully disclosed,
2. the Interested Person(s) is excluded from the discussion and approval of any such transaction,
3. CalDI's Board has acted upon and demonstrated that the transaction is in the best interest of CalDI (e.g., a competitive bid or comparable valuation), being recorded in the official minutes of a Board meeting.

**Applicability**

This policy is directed to Board Members, the Executive Director, and officers who can influence the actions of CalDI. For example, this includes all who make purchasing decisions, all other persons who manage programs/events, and all who have proprietary information concerning CalDI.

**Contact for policy interpretation, help, and problem resolution**

Any concerns regarding a Conflict of Interest should be raised to the Chair of the Board.

**Implementation procedures**

This policy has been in effect and should continue to be enforced with the Board members and Officers signing an annual Conflict of Interest form <sup>2</sup>.

**Related policies and references for further information**

<sup>1</sup> Wikipedia entry Conflict of Interest at: [https://en.wikipedia.org/wiki/Conflict\\_of\\_interest](https://en.wikipedia.org/wiki/Conflict_of_interest) referenced on 12/5/2017 and adapted for this policy to produce the definition “Conflict of Interest” on page 1 above.

<sup>2</sup> California Creativity Association Conflict of Interest Disclosure Statement (in the CalDI ShareFile folder Board Documents > Forms, filename “Conflict of Interest Disclosure Statement form.pdf”, at <https://caldi.sharefile.com/d-s6fa0dc4030a4455b> .

**Revision History**

Version	Date	Changes
Original	July 20, 2008	Initial release
Review	July 17, 2011	Document reviewed—no update required
2.0	Jan. 31, 2018	Applied Policy Template and standard checklist. Changed name to reflect scope of Board only and to note procedure present. “Conflict of Interest” definition added. References, particularly to annual conflict disclosure form in use now. Approved by California Creativity Board.