

## **Conflict of Interest Policy (Virginia-Compliant)**

### **Article I: Purpose**

The purpose of this conflict-of-interest policy is to protect the integrity of the Virginia Local News Project (VLNP) and its decision-making processes. It ensures that board members, officers, and key staff disclose any potential conflicts and act in the best interest of the organization while maintaining transparency and accountability. This policy supplements, but does not replace, applicable state and federal laws governing conflicts of interest, including those outlined in Virginia Nonstock Corporation Act, §13.1-870.1.<sup>1</sup>

### **Article II: Definitions**

1. **Conflict of Interest:** A situation in which a board member, officer, or key staff member's personal, financial, or professional interests could interfere with their ability to make impartial decisions for the organization. This definition aligns with IRS guidelines and Virginia's Nonstock Corporation Act.
2. **Interested Person:** Any director, principal officer, member of a board committee, or staff member who has a direct or indirect financial interest as defined below. This follows the IRS's suggested definitions.
3. **Financial Interest:** An individual has a financial interest if they, through business, investment, or family:
  - Have an ownership or investment interest in any entity with which the organization has a transaction or arrangement.
  - Receive compensation from the organization or from any entity with which the organization has a transaction or arrangement.
  - Have a potential ownership or investment interest in, or compensation arrangement with, any entity with which the organization is negotiating a transaction or arrangement.

### **Article III: Procedures**

1. **Duty to Disclose:**

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<sup>1</sup> *This policy aligns with requirements outlined in the Virginia Nonstock Corporation Act, §13.1-870.1 and IRS Form 1023 guidance.*

- Interested persons must disclose any actual or potential conflicts of interest to the board and provide all relevant material facts.
2. Determining Whether a Conflict Exists:
- After disclosure, the interested person must leave the meeting while the potential conflict is discussed. The remaining board or committee members will determine whether a conflict of interest exists.
3. Addressing the Conflict:
- If a conflict of interest is determined, the board or committee may:
    - Investigate alternatives to the proposed transaction or arrangement.
    - Approve the transaction or arrangement only if it is fair, reasonable, and in the organization's best interest.
  - Interested persons may not participate in discussions or votes related to the conflict.
4. Violations of the Policy:
- If a member fails to disclose a conflict, the board may take corrective action, including removal from the board or committee.

#### **Article IV: Documentation**

The board's meeting minutes shall document:

- The names of individuals who disclosed or were found to have a conflict of interest.
- The board's decision regarding whether a conflict existed.
- Any alternatives considered and actions taken.

#### **Article V: Annual Statement**

Each board member, officer, and key staff member must annually sign a statement affirming that they:

- Have received a copy of the conflict-of-interest policy.
- Have read and understood the policy.
- Agree to comply with the policy.

- Understand that the organization must engage in activities that align with its tax-exempt purpose.

#### **Article VI: Periodic Reviews**

To ensure compliance and protect the organization's tax-exempt status, periodic reviews shall be conducted, including:

- Whether transactions reflect reasonable payments for goods or services.
- Whether agreements further the organization's mission without providing excess benefits.

#### **Article VII: Use of Experts**

The organization may engage external advisors to ensure proper handling of conflicts. However, the board remains responsible for the final decisions.

**Annual Conflict of Interest Statement**

**Name:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Acknowledgment and Disclosure:**

I affirm that I:

1. Have received and reviewed the Virginia Local News Project’s Conflict of Interest Policy.
2. Understand the policy and agree to comply with it.
3. Understand that the Virginia Local News Project is a charitable organization and must engage primarily in activities that align with its tax-exempt purposes.
4. Disclose below any financial, professional, or personal relationships or interests that may present a conflict of interest:

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**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_