

Created by: MOBIUS Executive Committee

Adopted: MOBIUS Executive Committee, 26 Mar 2010

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Replaces: N/A

Article I
Purpose

The purpose of the conflict of interest policy is to protect the interests of MOBIUS, as a tax-exempt organization, when it is contemplating entering into a Transaction or Arrangement that might benefit a private interest of an officer, director, committee member or the Executive Director of MOBIUS or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. This conflict of interest policy is designed to help identify situations that present potential conflicts of interest and to provide MOBIUS with procedures for addressing conflicts of interest. All definitions are contained in Article II of this policy.

Article II
Definitions

1. A **Responsible Person** is any person serving as an officer, Executive Director, member of the Board of Directors or member of a committee with governing board delegated powers.
2. An **Interested Person** is a Responsible Person who has a direct or indirect Private Interest.
3. **Family or Family Member** of a Responsible Person includes only his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.
4. A **Private Interest** is one or more of the following types of interests that a Responsible Person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in or service as a member of the governing body of any entity with which MOBIUS has or is negotiating a Transaction or Arrangement,
 - b. A compensation arrangement with MOBIUS or with any entity or individual with which MOBIUS has a Transaction or Arrangement, or
 - c. A potential ownership or investment interest in or compensation arrangement with, any entity or individual with which MOBIUS is negotiating a Transaction or Arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Private Interest is not necessarily a conflict of interest. Under Article III, a person who has a Private Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

5. A **Transaction or Arrangement** is any agreement or relationship involving the sale, purchase or transfer of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, or the review of, merger with or alteration of a charitable organization by MOBIUS. The making of a gift to MOBIUS is not a Transaction or Arrangement.

Article III
Procedures

1. **Duty to Disclose** A Responsible Person must disclose the existence of any Private Interest of which he or she is aware and be given the opportunity to disclose all material facts to the directors and/or members of committees with governing board delegated powers that are or will be considering the proposed Transaction or Arrangement. The Board (or committee) will determine whether a conflict of interest exists.
2. **Participation Prohibited** A Responsible Person who has a Private Interest shall not participate in or be permitted to hear the Board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
3. **Ineligibility to Vote** A Responsible Person who has a Private Interest with respect to a Transaction or Arrangement that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The Interested Person may not vote on the Transaction or Arrangement and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. The Interested Person's ineligibility to vote shall be reflected in the minutes of the meeting.
4. **Alternatives** The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed Transaction or Arrangement.
5. **Due Diligence** After exercising due diligence, the Board or committee shall determine whether MOBIUS 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.
6. **Vote of Disinterested Directors** 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 whether the Transaction or Arrangement is in MOBIUS' 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.

7. Violations of the Conflict of Interest Policy

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

Article IV
Records of Proceedings

The minutes of the Board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a Private Interest in connection with an actual or possible conflict of interest, the nature of the Private 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.
2. 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

1. **No Voting Director Compensation** No voting member of the Board shall receive compensation, directly or indirectly, from MOBIUS for services.
2. **Compensation Voting** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MOBIUS for services is precluded from voting on matters pertaining to that member's compensation.

3. **Compensation Information** No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MOBIUS, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

1. **Acknowledgment** Each new Responsible Person shall be required to review a copy of this Policy and to acknowledge in writing that he or she has done so.
2. **Annual Statement** Each Responsible Person shall annually complete and sign a disclosure form identifying any Private Interests that the Responsible Person has and that he or she believes could cause a conflict of interest. Such Private Interests might include service as a consultant to a not-for-profit organization or ownership of a business that might provide goods or services to MOBIUS. Any such information regarding Private Interests of a Responsible Person shall be treated as confidential. Such form shall affirm such person:
 - a. Has received a copy of the Conflict of Interest Policy,
 - b. Has read and understands the Policy,
 - c. Has agreed to comply with the Policy, and
 - d. Understands MOBIUS is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

1. **Minimum Requirements** To ensure MOBIUS 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 (if any) conform to MOBIUS' 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.



**MOBIUS Policy on Conflicts of Interest
and Disclosure of Certain Interests**

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**MOBIUS CONFLICT OF INTEREST
ANNUAL STATEMENT**

I, the undersigned _____ do hereby make the following statement in compliance with the MOBIUS Policy on Conflicts of Interest and Disclosure of Certain Interests (the "Policy").

1. I have received the Policy and the attached definition. I have read and understand the Policy. I endorse the letter and spirit of the Policy and agree to comply with it.
2. I understand MOBIUS is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.
3. Failure to sign this Annual Statement does not relieve me of the obligation to abide by all duties of the Policy.
4. Failure to sign the Annual Statement shall be grounds for forfeiture of my position with MOBIUS.
5. The answers to the following questions are true and complete to the best of my knowledge during the period beginning July 1, _____ and ending June 30, _____. I agree to promptly notify the Executive Director or Chair of the Board of Directors of MOBIUS of any change that might make any answer(s) no longer accurate.

- a. Have you or any member of your family had any Private Interest, direct or indirect, in any actual or proposed Transaction or Arrangement to which MOBIUS is a party?

_____ Yes _____ No

If yes, on a separate page, please list and elaborate on any such Private Interest, including financial benefits, as you can best estimate them.

- b. Did you have a family or business relationship with any officer or director of MOBIUS?

_____ Yes _____ No

If yes, on a separate page, please list and elaborate on such relationships, including about the details of any financial benefits as you can best estimate them.

- c. Did you or a member of your family receive any grants or loans of money or other receivables from MOBIUS?

_____ Yes _____ No

If yes, on a separate page, please list such grants or loans, their source, and their approximate value.

- d. [For directors only] Did you or a member of your family receive any compensation or other remuneration from MOBIUS?

_____ Yes _____ No

If yes, on a separate page, please list the type of such remuneration, its source and the amount of such remuneration.

- e. Did you or a member of your family receive any gifts or loans from any source from which MOBIUS buys goods or services or with which it otherwise has Transactions or Arrangements?

_____ Yes _____ No

If yes, on a separate page, please list such gifts or loans, their source and their approximate value.

- f. Did you receive or accrue compensation from any organization unrelated to MOBIUS, for your services as an employee, officer or director of MOBIUS?

_____ Yes _____ No

If yes, on a separate page, please list such compensation, its source, and the amount of such compensation.

- g. Do you or any member of your family have any other interest, direct or indirect, which might conflict or might be perceived to conflict with your duty and responsibility to MOBIUS?

_____ Yes _____ No



If yes, on a separate page, please provide details.

- 6. In any case where a conflict of interest exists, or may exist, or the appearance of a conflict of interest may exist, I will comply with Article III, Procedures of the MOBIUS Conflict of Interest Policy.

DATED this _____ day of _____, _____

(Signature)

Title

Definition

Business relationship

Business relationships between two persons include the following:

1. One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee, or greater-than-35% owner.

2. One Person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner.



3. The two persons are each a director, trustee, officer, or greater-than-10% owner in the same business or investment entity (but not in the same tax-exempt organization).

Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

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