# CONFLICT OF INTEREST POLICY

## SHASTA TRADES NONPROFIT

**Adopted on this 3rd day of September, 2026**

## ARTICLE 1: PURPOSE

The purpose of this Conflict of Interest Policy is to protect the tax-exempt status, integrity, and public trust of Shasta Trades Nonprofit (the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or key employee of the Corporation or might result in a possible excess benefit transaction[reference:16].

This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations, including California Corporations Code Sections 5233 and 7233[reference:17][reference:18].

## ARTICLE 2: DEFINITIONS

**Section 2.1 Interested Person.** An "Interested Person" is any director, principal officer, member of a committee with governing board delegated powers, or key employee of the Corporation who has a direct or indirect financial interest, as defined below[reference:19].

**Section 2.2 Financial Interest.** A person has a "Financial Interest" if the person has, directly or indirectly, through business, investment, or family[reference:20]:

- (a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement[reference:21];
- (b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement[reference:22]; 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[reference:23].

**Compensation** includes direct and indirect remuneration as well as gifts or favors that are not insubstantial[reference:24].

**Section 2.3 Conflict of Interest.** A Financial Interest is not necessarily a Conflict of Interest. A person who has a Financial Interest may have a Conflict of Interest **only if** the appropriate governing board or committee decides that a Conflict of Interest exists[reference:25].

**Section 2.4 Family Member.** A "Family Member" includes a spouse, domestic partner, parent, child, sibling, grandparent, grandchild, and the spouse of any such person.

## ARTICLE 3: DISCLOSURE OBLIGATIONS

**Section 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 shall be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement[reference:26].

**Section 3.2 Timing of Disclosure.** Disclosure shall be made:

- (a) At the time a potential Conflict of Interest arises;
- (b) At the beginning of each meeting of the Board of Directors; and
- (c) Annually by signing the Annual Disclosure Statement attached as Exhibit A.

**Section 3.3 Duty to Update.** Each Interested Person shall promptly update their disclosure if any material changes occur.

## ARTICLE 4: PROCEDURES FOR HANDLING CONFLICTS

**Section 4.1 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 governing 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[reference:27].

**Section 4.2 Procedures for Addressing the Conflict of Interest.**

- (a) An Interested Person may make a presentation at the governing 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[reference:28];
- (b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement[reference:29];
- (c) After exercising due diligence, the governing board or committee shall determine whether the Corporation 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[reference:30];
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the governing 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, for its own benefit, and whether it is fair and reasonable[reference:31]; and
- (e) In conformity with the above determination, the governing board or committee shall make its decision as to whether to enter into the transaction or arrangement[reference:32].

**Section 4.3 No Participation.** The Interested Person shall not participate in any discussion, deliberation, or vote on the matter, and shall leave the room during such discussion, deliberation, and vote.

## ARTICLE 5: COMPENSATION

**Section 5.1 Voting Prohibition.** A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is **precluded from voting** on matters pertaining to that member's compensation[reference:33].

**Section 5.2 Committee Members.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation[reference:34].

**Section 5.3 Providing Information.** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation[reference:35].

**Section 5.4 Reasonable Compensation.** Compensation of directors, officers, and key employees shall be reasonable and shall be determined in accordance with the following procedures:

- (a) The Board of Directors shall review and approve all compensation arrangements;
- (b) The review shall include a comparison to compensation paid by similarly situated organizations for comparable services;
- (c) The review shall be documented in the meeting minutes; and
- (d) The decision shall be made by disinterested directors.

**Section 5.5 Rebuttable Presumption.** Compensation arrangements that are approved in accordance with the procedures set forth in this Article shall be presumed reasonable under Section 4958 of the Internal Revenue Code.

## ARTICLE 6: ANNUAL STATEMENTS

**Section 6.1 Annual Statement Required.** Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person[reference:36]:

- (a) Has received a copy of this Conflict of Interest Policy;
- (b) Has read and understands the policy;
- (c) Has agreed to comply with the policy; and
- (d) Understands the Corporation is charitable and, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Section 6.2 Annual Disclosure Statement.** Each director, principal officer, and member of a committee with governing board delegated powers shall also complete and sign the Annual Disclosure Statement (attached as Exhibit A) on an annual basis, disclosing any Financial Interests or relationships that could constitute a Conflict of Interest.

**Section 6.3 Review by Board.** The Board of Directors shall review all Annual Disclosure Statements and take appropriate action in response to any disclosures.

## ARTICLE 7: PERIODIC REVIEWS

**Section 7.1 Purpose.** To ensure the Corporation 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[reference:37].

**Section 7.2 Subjects of Review.** The periodic reviews shall, at a minimum, include the following subjects[reference:38]:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining[reference:39];
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation'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[reference:40].

**Section 7.3 Frequency.** Periodic reviews shall be conducted at least annually.

**Section 7.4 Use of Outside Experts.** When conducting the periodic reviews, the Corporation 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[reference:41].

## ARTICLE 8: RECORDKEEPING

**Section 8.1 Meeting Minutes.** The minutes of the governing board and all committees with board delegated powers shall contain[reference:42]:

- (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 governing board's or committee's decision as to whether a Conflict of Interest in fact existed[reference:43];
- (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[reference:44].

**Section 8.2 Retention of Records.** All disclosures, meeting minutes, and Annual Disclosure Statements shall be retained for a period of at least seven (7) years.

## ARTICLE 9: ENFORCEMENT AND MONITORING

**Section 9.1 Due Process for Alleged Violations.** If the governing board or committee has reasonable cause to believe 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[reference:45].

**Section 9.2 Determination and Action.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action[reference:46].

**Section 9.3 Regular Monitoring.** The Board of Directors shall regularly monitor and enforce compliance with this Policy by:

- (a) Reviewing this Policy annually;
- (b) Prompting disclosure at the beginning of each board meeting;
- (c) Collecting Annual Disclosure Statements;
- (d) Addressing any violations of this Policy; and
- (e) Taking appropriate disciplinary action for failure to comply.

**Section 9.4 Reporting Violations.** Any director, officer, or employee who becomes aware of a violation of this Policy shall report the violation to the President or the Chair of the Board of Directors.

## ARTICLE 10: FAMILY MEMBER CONFLICTS

**Section 10.1 Family Member Relationships.** A Conflict of Interest may arise when a Family Member of an Interested Person has a Financial Interest in a matter before the Corporation.

**Section 10.2 Disclosure and Recusal.** In such circumstances, the Interested Person shall:

- (a) Disclose the Family Member relationship;
- (b) Disclose all material facts relating to the Financial Interest; and
- (c) Recuse themselves from discussion and voting on the matter.

**Section 10.3 No Hiring of Family Members.** No director, officer, or key employee shall participate in the hiring, supervision, or evaluation of a Family Member, except as approved by a disinterested majority of the Board of Directors.

## ARTICLE 11: REVIEW AND AMENDMENT

**Section 11.1 Annual Review.** This Conflict of Interest Policy shall be reviewed annually by the Board of Directors and updated as necessary to ensure it remains current and effective.

**Section 11.2 Amendments.** This Conflict of Interest Policy may be amended by the affirmative vote of a majority of the directors then in office.

## ARTICLE 12: IRS COMPLIANCE

**Section 12.1 Form 990 Compliance.** This Conflict of Interest Policy is designed to satisfy the requirements of the Internal Revenue Service, including Part VI, Section B, Lines 12a, 12b, and 12c of Form 990[reference:47][reference:48].

**Section 12.2 Tax-Exempt Status.** This Conflict of Interest Policy is intended to support the Corporation's continued qualification for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

**Section 12.3 California Law Compliance.** This policy is intended to comply with California Corporations Code Sections 5233 (self-dealing transactions) and 7233 (conflicts of interest)[reference:49].

## ARTICLE 13: DISTRIBUTION AND ACKNOWLEDGMENT

**Section 13.1 Distribution.** A copy of this Conflict of Interest Policy shall be distributed to each director, officer, and key employee upon adoption and upon any amendment, and to all new directors, officers, and key employees upon their appointment or hiring.

**Section 13.2 Acknowledgment and Agreement.** Each director, principal officer, and member of a committee with governing board delegated powers shall acknowledge receipt of this Conflict of Interest Policy and agree to be bound by its terms by signing the Acknowledgment and Agreement form attached as Exhibit B.

## EXHIBIT A: ANNUAL DISCLOSURE STATEMENT

**Annual Disclosure Statement For the Fiscal Year Ending December 31, _______**

**Instructions:** Please complete this form annually and return it to the Secretary of the Corporation. This information will be reviewed by the Board of Directors and kept on file.

**Section 1: Personal Information**

- **Name:** ________________________________________________________
- **Title:** ________________________________________________________
- **Date:** ________________________________________________________

**Section 2: Disclosure of Financial Interests**

Please list any Financial Interests (as defined in the Conflict of Interest Policy) that you or a Family Member have in any entity with which the Corporation has or may have a transaction or arrangement:

| Entity Name | Nature of Interest | Estimated Value |
| --- | --- | --- |
| _______________ | _____________________ | _________________ |
| _______________ | _____________________ | _________________ |
| _______________ | _____________________ | _________________ |

**Section 3: Disclosure of Relationships**

Please list any personal or business relationships that could constitute a Conflict of Interest:

- **Are you a Family Member of any other director, officer, or key employee of the Corporation?** [ ] Yes [ ] No
- **If yes, please list the names and relationship:**

- **Do you have any business or professional relationships with any other director, officer, or key employee of the Corporation?** [ ] Yes [ ] No
- **If yes, please describe:**

- **Do you have any other relationships that could constitute a Conflict of Interest?** [ ] Yes [ ] No

- **If yes, please describe:**

**Section 4: Certification**

I certify that:

- (a) I have received, read, and understand the Conflict of Interest Policy of Shasta Trades Nonprofit;
- (b) The information provided in this Annual Disclosure Statement is true, complete, and accurate as of the date below;
- (c) I agree to comply with the Conflict of Interest Policy; and
- (d) I will promptly disclose any changes to the information provided in this Annual Disclosure Statement.

**Signature**

**Date**

## EXHIBIT B: ACKNOWLEDGMENT AND AGREEMENT FORM

**Acknowledgment and Agreement Conflict of Interest Policy Shasta Trades Nonprofit**

I, the undersigned, hereby acknowledge that I have received, read, and understand the Conflict of Interest Policy of Shasta Trades Nonprofit (the "Corporation").

I agree to:

- (a) Comply with the Conflict of Interest Policy in all aspects;
- (b) Disclose any Financial Interests or potential Conflicts of Interest promptly;
- (c) Recuse myself from discussion and voting on any matter in which I have a Financial Interest;
- (d) Complete and sign the Annual Disclosure Statement annually; and
- (e) Report any known violations of the Conflict of Interest Policy.

I understand that the Corporation is charitable and, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes[reference:50].

**Name (Printed)**

**Signature**

**Title**

**Date**