

Conflict of Interest Policy

ARTICLE I **PURPOSES**

It is important for The Honey Hole, Inc. ("Organization") directors, officers, and staff to be made aware that both real and apparent conflicts of interests or dualities of interests sometimes occur in the course of conducting the affairs of the corporation and that the appearance of conflict can be troublesome even if there is in fact no conflict whatsoever. Conflicts occur because the many persons associated with the corporation should be expected to have, and do in fact generally have, multiple interests and affiliations and various positions of responsibility within the community. In these situations, a person will sometimes owe identical duties of loyalty to two or more corporations. The purpose of the conflict of interest policy is to protect the Organization's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. The policy intends to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Conflicts are undesirable because they potentially or eventually place the interest of others ahead of the Organization's obligations to its charitable purposes and to the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, the long-range best interests of the Organization do not require the termination of all association with persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

Each member of the board of directors and the staff of the Organization has a duty of loyalty to the Organization. The duty of loyalty generally requires a director or staff member to prefer the interests of the Organization over the director's/staff's interest or the interests of others. In addition, directors and staff of the Organization shall avoid acts of self-dealing which may adversely affect the tax-exempt status of the Organization or cause there to arise any sanction or penalty by a governmental authority.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement.

ARTICLE II

DEFINITIONS

2.1. Interested Persons

Any director, principal officer, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2.2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- 2.2.1** An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- 2.2.2** A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- 2.2.3** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

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

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.

ARTICLE III

PROCEDURES

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 be given the opportunity to disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement.

3.2. 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/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.

3.3. Procedures for Addressing the Conflict of Interest

- 3.3.1.** An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- 3.3.2.** The Board President appoints a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 3.3.3.** After exercising due diligence, the Board or committee shall determine whether the Organization 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.
- 3.3.4.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's 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.

3.4. Violations of the Conflicts of Interest Policy

- 3.4.1.** If the Board 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.
- 3.4.2.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV

RECORDS OF PROCEEDINGS

4.1. Minutes

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

- 4.1.1. The names of 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.
- 4.1.2. 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

- 5.1. A voting member of the Board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- 5.2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- 5.3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI

ANNUAL STATEMENTS

Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- 6.1. Has received a copy of the conflicts of interest policy,
- 6.2. Has read and understands the policy,
- 6.3. Has agreed to comply with the policy, and
- 6.4. Understands that the Organization 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.

ARTICLE VII

PERIODIC REVIEWS

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. The periodic reviews shall, at a minimum, include the following subjects:

- 7.1.** Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- 7.2.** Whether partnerships, joint ventures, and arrangements with management corporations conform to the Organization'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.

ARTICLE VIII

USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Date adopted:	June 6, 2026
Last reviewed:	
Review frequency:	Every five years
Amendment dates:	
Effective date:	
Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Board of Directors
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

**Board Member Conflict of Interest
Annual Statement**

I have received, read and understand fully the Conflict of Interest Statement and will comply with the statement by bringing any potential conflict of interest situations to the board for consideration.

Date

Signature

Printed Name