

# **Conflict of Interest Policy of Michael Magro Foundation, Inc.**

Date updated: April 9, 2025

## **I. Introduction**

The Directors, Officers and Key Persons of the Michael Magro Foundation, Inc. (“MMF”) owe a duty of loyalty to MMF which requires that in serving MMF they act, not in their personal interests or in the interests of others, but rather solely in the interests of MMF.<sup>1</sup> Directors, Officers and Key Persons must have an undivided allegiance to MMF’s mission and may not use their position as Directors, Officers or Key Persons, information they have about MMF, or MMF’s property, in a manner that allows them to secure a pecuniary benefit for themselves or their Relatives. Accordingly, no Director, Officer or Key Person may use his or her position at MMF for personal gain or to benefit another at the expense of MMF, its mission or its reputation.

## **II. Purpose**

A conflict of interest occurs whenever the interests of MMF conflict with a competing Financial Interest of a Director, Officer, Key Person or other Related Party. The purpose of this Conflict of Interest Policy (the “Policy”) is to protect the interests of MMF when it is contemplating entering into a transaction or arrangement that might benefit a Related Party. This document sets forth the MMF conflict of interest policy, defines applicability, provides standards and describes the process for disclosing, addressing and documenting possible conflicts of interest.

The Policy is intended to supplement, but not replace, any applicable state or federal laws regarding conflicts of interest applicable to not-for-profit and tax-exempt organizations.

## **III. Distribution and Acknowledgement of Policy**

Prior to his/her election to the Board of Directors of MMF (the “Board”) or employment at MMF, each Director, Officer, and Key Person shall sign and submit to the Secretary of MMF a Conflict of Interest Policy Certificate, substantially in the form attached hereto as Exhibit A, which affirms such person: (a) has received a copy of the Policy; (b) has read and understood the Policy; and (c) has agreed to comply with the policy.

## **IV. Annual Disclosure Statements**

Prior to his/her election to the Board or employment at MMF, and for each year of service thereafter, each Director, Officer, and Key Person shall sign and submit to the Secretary of MMF a completed Potential Conflict of Interest Disclosure Statement, substantially in

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<sup>1</sup> Unless otherwise defined, all capitalized terms used herein shall have the meanings ascribed to them in Section VII of this Policy.

the form attached hereto as Exhibit B (each, a “Disclosure Statement”, and collectively, the “Disclosure Statements”), whereby such person discloses in writing, among other things:

- a. Any entity of which such person or a Relative of such person is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which MMF has a relationship;
- b. Any Financial Interest such person or a Relative of such person may have in any corporation, organization, partnership, or other entity which provides goods or services to MMF for a fee or other compensation; and
- c. Any position or other material relationship such person or a Relative of such person may have with any not-for-profit corporation with which MMF has a business relationship.

A copy of each completed Disclosure Statement shall be kept in MMF’s files and made available to any Director, Officer, or currently employed Key Person upon request. The Secretary also shall provide a copy of all completed Disclosure Statements to the Chair of MMF’s audit committee or, if there is no such committee, to the Chair of the Board.

If at any time during his or her term of service, a Director, Officer, or Key Person acquires any Financial Interest, or when any matter for decision or approval comes before the Board in which a Related Party has a Financial Interest, that Financial Interest or potential Related Party Transaction must be promptly disclosed in writing to each member of the Board, or an authorized committee thereof, together with all material facts. Failure to disclose to the Board, or an authorized committee thereof, a known Financial Interest, a known Related Party Transaction, or a known conflict of interest may be grounds for removal from the Board or termination from MMF.

## **V. Review and Approval of Related Party Transactions**

If MMF is contemplating entering into a Related Party Transaction, the Board, or an authorized committee thereof, must determine if the transaction is fair, reasonable, and in the best interests of MMF at the time of such determination before approving the transaction.

All transactions, agreements, or any other arrangements between MMF and a Related Party shall be reviewed by the Board, or an authorized committee thereof, in accordance with the following.

1. Related Party’s Involvement. At the Board’s or an authorized Board committee’s request, the Related Party to whom the potential conflict of interest relates may present factual information regarding the matter. However, the Related Party may not be present for, or participate in, any deliberations or vote on the matter giving rise to the conflict, and shall not attempt to improperly influence the deliberation or voting on the matter giving rise to the conflict.

A voting member of the Board or an Officer who receives compensation directly or indirectly from MMF for services, or a Director serving as a voting member of any committee whose jurisdiction includes compensation matters, is precluded from voting or acting on matters pertaining to that Director's or Officer's compensation, except for matters pertaining to reasonable compensation for service as a Director. However, no voting member of the Board or any officer or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MMF is prohibited from providing information to the Board or any Committee regarding compensation.

2. Investigation of Alternative Transactions. As part of its investigation, the Board, or an authorized Committee, shall consider alternative transactions to the extent available. If the contemplated transaction pertains to a Director's, Officer's or Key Person's compensation for services or the transfer of property or other economic benefit to a Related Party, the Board, or an authorized Committee, must determine that the value of the economic benefit provided by MMF does not exceed the value of the services, property, or other benefit received in exchange.
3. Approval Requirements. The Board, or an authorized committee thereof, may not approve any Related Party Transaction unless they determine that the transaction is fair, reasonable, and in MMF's best interest at the time of such determination. Approval requires the majority vote of the Directors or committee members, as applicable, present at the meeting.
4. Documentation. The Board, or an authorized committee thereof, shall contemporaneously document in the minutes of their meeting:
  - a. The name(s) of the Related Party or Parties who disclosed or otherwise were determined to have a potential or actual Financial Interest and/or conflict of interest;
  - b. The nature of the potential or actual Financial Interest and/or conflict of interest;
  - c. Any actions taken to determine whether a Financial Interest and/or conflict of interest existed;
  - d. The Board's or an authorized committee's decision as to whether the Financial Interest and/or conflict of interest existed;
  - e. The names of the persons who were present for discussions and votes relating to any potential or actual conflict of interest or Related Party Transaction (including whether the Related Party or Parties left the room for all such discussions and vote);
  - f. The content of such discussions, including the discussion of alternative transactions; and
  - g. The decision by the Board, or an authorized committee thereof, to approve or not approve the Related Party Transaction and the basis for such decision.

## **VI. Ratification of Improperly Approved Related Party Transactions and Mandatory Procedures to Ensure Future Compliance**

Every calendar year, the Board, or an authorized committee of the Board, shall review all Related Party Transactions approved and entered into during the previous calendar year and determine whether any such Related Party Transactions were improperly approved and in violation of the evaluation procedures and approval requirements set forth above in Section V, paragraphs (1) - (3). For any Related Party Transaction, the evaluation or approval of which was in violation of any such provisions, the Board, or an authorized committee of the Board, shall take the following actions within a reasonable period of time after such determination is made:

- a. Ratify any Related Party Transaction that the Board, or an authorized committee of the Board, finds, in good faith, to be fair, reasonable, and in the best interests of MMF at the time MMF approved such Related Party Transaction;
- b. Document in writing the nature of the potential or actual Financial Interest and/or conflict of interest and the basis for the Board's or an authorized committee's ratification of such Related Party Transaction; and
- c. Put into place, and oversee the implementation and compliance of, and compliance with, procedures to ensure that MMF complies with the Related Party Transaction evaluation procedures and approval requirements set forth above in Section V, paragraphs (1) – (3) in the future.

## **VII. Delegation to Committee**

The Board may delegate to an authorized committee of the Board the oversight of, implementation of, and compliance with the Policy, including the review and approval of any Related Party Transaction; provided that if the Related Party Transaction is of a magnitude that would otherwise require full Board approval, the committee shall submit the Related Party Transaction to the Board for consideration, with the committee's recommendation as to whether or not the Related Party Transaction should be approved.

## **VIII. Definitions**

- a. Affiliate: Any entity controlled by, or in control of, MMF.
- b. Director: Any voting or non-voting member of the Board, whether designated as a director, trustee, manager, governor, or any other title.
- c. Key Person: Any person, other than a Director or Officer, whether or not an employee of MMF, who:
  - (i). Has responsibilities, or exercises powers or influence over MMF as a whole similar to the responsibilities, powers, or influence of Directors and Officers;

- (ii). Manages MMF, or a segment of MMF that represents a substantial portion of the activities, assets, income or expenses of MMF; or
  - (iii). Alone or with others controls or determines a substantial portion of MMF's capital expenditures or operating budget.
- d. Financial Interest: A direct or indirect economic benefit from any transaction, agreement, or compensation arrangement involving MMF, including, but not limited to, direct or indirect remuneration, or gifts or favors that are not insubstantial.
- e. Independent Director: A Director who:
  - (i). Is not and has not been an employee or a Key Person of MMF or an Affiliate within the last three years, and does not have a Relative who is or has been a Key Person of MMF or an Affiliate within the last three years;
  - (ii). Has not received, and does not have a Relative who has received, more than \$10,000 in direct compensation from MMF or an Affiliate of MMF in any of the last three fiscal years;
  - (iii). Is not a current employee of or does not have a substantial Financial Interest in, and does not have a Relative who is a current Officer of or has a substantial Financial Interest in, any entity that has provided payments, property or services to or received payments from MMF or an Affiliate if the amount paid by the Corporation to the entity or received by MMF from the entity for such property or services, in any of the past three years, exceeded the lesser of:
    - A. \$10,000 or 2% of such entity's consolidated gross revenues if the entity's gross revenue was less than \$500,000;
    - B. \$25,000 if the entity's consolidated gross revenue was \$500,000 or more but less than \$10,000,000;
    - C. \$100,000 if the entity's consolidated gross revenue was \$10,000,000 or more; or
  - (iv). Is not and does not have a relative who is a current owner, whether wholly or partially, Director, Officer or employee of MMF's outside auditor or who has worked on MMF's audit any time during the past three years. For purposes of this subsection the terms: "compensation" does not include reimbursement for expenses reasonably incurred as a Director or reasonable compensation for service as a Director; and "payments" do not include charitable donations, dues, or fees paid to MMF for services which MMF performs as part of its nonprofit purposes, or payments made by MMF at fixed or non-negotiable rates or amounts for services received, provided that such services by and to MMF are available to individual members of the public on the same terms, and such services received by MMF are not available from another source.
- f. Officer: A person who has the authority to bind MMF as provided in the Bylaws of MMF.
- g. Related Party:
  - 1. Any Director, Officer, or Key Person of MMF or any Affiliate;
  - 2. Any Relative of any individual described in clause (1) of this subparagraph; or

3. Any entity in which any individual described in clauses (1) and (2) of this subparagraph has a 35% or greater ownership or beneficial interest, or, in the case of a partnership or a professional corporation, a direct or indirect ownership interest in excess of 5%.
- h. Related Party Transaction: Any transaction, agreement, or any other arrangement in which a Related Party has a Financial Interest and in which MMF or any Affiliate is a participant, except that a transaction shall not be a Related Party Transaction if:
  - (i). The transaction or the Related Party's Financial Interest in the transaction is de minimis;
  - (ii). The transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that MMF intends to benefit as part of the accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms; or
  - (iii). The transaction would not customarily be reviewed by the Board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms.
- i. Relative: A person's spouse or domestic partner, his or her ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, or the spouse or domestic partner of his or her brothers, sisters, children, grandchildren and great-grandchildren.

Adopted by the Board on April 9, 2025



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Secretary

## ATTACHMENT A

### Michael Magro Foundation, Inc. Conflict of Interest Policy Certificate

This certificate must be signed and delivered to the Secretary pursuant to the Michael Magro Foundation, Inc. Conflict of Interest Policy (the "Policy") adopted by the Board of Directors on [date], at such times as specified in the Policy.

- (a) \_\_\_\_\_ (initial) I have received a copy of the Policy;
- (b) \_\_\_\_\_ (initial) I have read and understand the Policy; and
- (c) \_\_\_\_\_ (initial) I agree to comply with the Policy;

The undersigned, by his or her signature, certifies as indicated above and acknowledges his or her understanding of the implications of the Policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Position

\_\_\_\_\_  
Date

## ATTACHMENT B

### Michael Magro Foundation, Inc. ("MMF") Potential Conflict of Interest Disclosure Statement

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

Title/Position: \_\_\_\_\_

In responding to these questions, please note that a "yes" answer does not imply that the relationship or transaction is necessarily inappropriate or prohibited.

1. Are you an officer, director, trustee, member, owner, or employee of any entity with which MMF has a relationship?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer is "yes" please list the names of such entities, your affiliation with that entity, and the approximate dollar amount of business involved with MMF in the past year:

2. Are any of your Relatives<sup>2</sup> an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee of any entity with which MMF has a relationship?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer is "yes" please list the names of such entities, your Relative's affiliation with that entity, and the approximate dollar amount of business involved with MMF in the past year:

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<sup>2</sup> "Relatives" mean your domestic partner, spouse, ancestors, siblings and their spouses, children and their spouses, grand children and their spouses, and great-grandchildren and their spouses.

3. Do you have a Financial Interest<sup>3</sup> in any corporation, organization, partnership, or other entity which provides goods or services to MMF for a fee or other compensation?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer is "yes" please list the names of such entities, the nature of your Financial Interest, and the approximate dollar amount of business involved with MMF in the past year:

4. Do any of your Relatives have a Financial Interest in any corporation, organization, partnership, or other entity which provides goods or services to MMF for a fee or other compensation?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer is "yes" please list the names of such entities, the nature of your Relative's Financial Interest, and the approximate dollar amount of business involved with MMF in the past year:

5. Do you hold a position or have some other material relationship with any not-for-profit corporation with which MMF has a business relationship?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer is "yes" please list the names of such entities, the nature of your relationship (e.g., employee, board member), and the approximate dollar amount of business involved with MMF in the past year:

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<sup>3</sup> "Financial Interest" means a direct or indirect economic benefit from any transaction, agreement, or compensation arrangement involving MMF, including, but not limited to, direct or indirect remuneration, or gifts or favors that are not insubstantial.

6. Do any of your Relatives hold a position or have some other material relationship with any not-for-profit corporation with which MMF has a business relationship?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer is "yes" please list the names of such entities, the nature of your Relative's relationship (e.g., employee, board member), and the approximate dollar amount of business involved with MMF in the past year:

7. Are you aware of any other transaction in which MMF is a participant, or any other relationship not already described herein, that creates or may result in a conflict of interest (as such term is described in the Policy)?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer is "yes", please identify the transaction and describe the potential conflict:

I affirm that the foregoing information is true and complete to the best of my knowledge and that should any of my responses to this questionnaire change at any time, I will notify MMF's Board of Directors.

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

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

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