

# Conflict of Interest Policy

Adopted by the Board of Directors May 13, 2025

## I. Purpose

This Policy is designed to help directors, officers and employees of the HEBREW FREE LOAN SOCIETY OF GREATER PHILADELPHIA (HFL) identify situations that present potential conflicts of interest and to establish procedures that will allow transactions to be valid and binding even though a director, officer or employee has or may have a conflict of interest with respect to the situation.

The purpose of this Policy is to protect the interests of HFL when it is contemplating entering into a transaction or arrangement that might benefit or affect, directly or indirectly, the private interests of an officer, director, or employee of HFL. 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.

## II. Definitions

### 1. Interested Person

Any director, officer, or member of a committee who has a direct or indirect financial or other interest, as defined below, is an Interested Person.

### 2. Conflict of Interest

An interest is a Conflict of Interest in any situation or circumstance in which a person's objectivity, impartiality, judgment or ability to act on behalf of HFL is, may be, or could be perceived to be affected by personal, family or financial considerations beyond those affecting all similarly situated individuals. Conflicts of interest may arise in any aspect of HFL's activities and operations, including but not limited to those relating to lending, purchasing, hiring, and employment.

### 3. Financial Interest

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

- a. An ownership or investment interest in any entity with which HFL has or contemplates a transaction or arrangement;
- b. A compensation arrangement with HFL or with any entity or individual with which HFL has or contemplates a transaction or arrangement; or

- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which HFL is negotiating a transaction or arrangement.
  - d. Serves on the board or staff of another non-profit organization with which HFL has or contemplates a financial transaction or arrangement.
- 4. **Compensation**  
Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Any gift or favor that may be reasonably valued at less than one hundred dollars (\$100.00) is insubstantial.
- 5. **Immediate Family**  
Immediate Family means any spouse, domestic partner, child, parent, sibling, grandparent, including any half or step person in any of these categories, and any other person who resides at the Interested Person's primary home.

### III. Procedures

- 1. **Duty to Disclose**  
An Interested Person must, as soon as reasonably possible, disclose the existence of a Conflict of Interest and all material facts to the directors and members of committees considering the proposed transaction or arrangement.
- 2. **Determining Whether a Conflict of Interest Exists**  
The Board of Directors shall determine whether a conflict of interest exists. After disclosure of the conflict of interest and all material facts, the Interested Person shall leave the meeting while the determination is discussed and voted upon. The remaining members shall decide if a conflict of interest exists. An Interested Person who plans not to attend a meeting at which he or she has reason to believe that the Board or committee will act on a matter in which the Interested Person has a Conflict of Interest shall disclose to the President and to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- 3. **Procedures for Addressing the Conflict of Interest**
  - a. An Interested Person may be present at the meeting but must leave during discussions and voting on the conflict of interest.
  - b. The chairperson may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. The Board shall determine if an equally or more advantageous arrangement without a conflict is possible.

- d. If an equally or more advantageous arrangement cannot be made, the Board shall decide by majority vote if the proposed transaction is in HFL's best interest, fair, and reasonable.
- e. *The Board shall have the authority to determine that a situation has an appearance of conflict or potential conflict. If it so determines, the Board may take steps it deems appropriate to avoid that appearance.*

#### **4. Violations of the Policy**

- a. If reasonable cause exists to believe a member has failed to disclose a conflict, the member will be informed and given the opportunity to respond.
- b. If the board determines the failure was intentional, corrective action will be taken, which may include removal from their position.

## **IV. Records of Proceedings**

The minutes of the board shall include:

- Names of persons with conflict of interest and the nature of the conflict of interest.
- Actions taken and decisions regarding conflicts of interest.
- Participants in discussions and votes, alternatives considered, and the results of votes.

## **V. Compensation**

- A voting member who receives compensation from HFL is precluded from voting on matters relating to such person's compensation.
- However, such voting members may provide information but cannot vote on their own compensation.
- No compensation shall be provided retrospectively.

## **VI. Annual Statements**

Each director, officer, and committee member must annually affirm that they:

- Have received a copy of the policy.
- Understand the policy and agree to comply.
- Recognize that HFL is charitable and must primarily engage in tax-exempt activities.

## VII. Periodic Reviews

Periodic reviews shall ensure that:

- Compensation arrangements are reasonable and based on appropriate information.
- Transactions conform to policies and do not jeopardize tax-exempt status or result in private benefit.

## VIII. Use of Outside Experts

Outside advisors may be used for periodic reviews but do not relieve the board of its responsibility for oversight.

By adhering to this policy, HFL commits to ethical behavior, transparency, and acting in the best interests of its stakeholders.

Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_