CONFLICT OF INTEREST POLICY

FRIENDS OF HEALING SPRINGS NATURAL AREA, INC.

Article I – Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of Friends of Healing Springs Natural Area, Inc. (the "Corporation") when it is considering a transaction, arrangement, or decision that might benefit the private interests of a director, officer, committee member, volunteer leader, or other person in a position of influence.

This policy is intended to supplement, but not replace, any applicable Arkansas laws governing conflicts of interest for nonprofit corporations.

Article II – Interested Persons

Any director, officer, committee member, or other person with governing authority who has a direct or indirect financial interest in a matter before the Corporation is an "Interested Person."

Article III – Financial Interests

A person has a financial interest if the person, or a member of the person's family, has:

1. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
3. A potential ownership, investment, or compensation interest in any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Article IV – Duty to Disclose

An Interested Person shall disclose the existence and nature of any actual or potential conflict of interest to the Board of Directors as soon as the conflict becomes known.

The disclosure shall be recorded in the meeting minutes.

Article V – Determination of Conflict

After disclosure of the financial interest and any discussion with the Interested Person, the Interested Person shall leave the meeting during the discussion and vote regarding the matter.

The remaining directors shall determine by majority vote whether a conflict of interest exists.

Article VI – Procedures for Addressing the Conflict

If a conflict of interest is determined to exist:

1. The Interested Person may provide factual information requested by the Board but shall not participate in deliberations or voting.
2. The Board shall consider whether a more advantageous transaction or arrangement can reasonably be obtained from a person or entity that would not create a conflict.
3. If a more advantageous arrangement is not reasonably possible, the Board may approve the transaction if it determines that:
    - The transaction is fair and reasonable;
    - The transaction is in the best interests of the Corporation; and
    - The transaction furthers the Corporation's charitable purposes.

Approval shall require a majority vote of the disinterested directors.

Article VII – Violations of the Policy

If the Board has reasonable cause to believe that a person has failed to disclose an actual or potential conflict of interest, it shall inform the individual and provide an opportunity for explanation.

If the Board determines that a material conflict was not properly disclosed, it may take appropriate corrective action, including removal from office or committee assignments as permitted by the bylaws and applicable law.

Article VIII – Annual Statements

Each director and officer shall annually sign a statement affirming that he or she:

1. Has received a copy of this Conflict of Interest Policy;
2. Has read and understands the policy;
3. Agrees to comply with the policy; and
4. Understands that the Corporation is organized for charitable purposes and must operate in a manner consistent with its tax-exempt status.

Article IX – Recordkeeping

The minutes of the Board shall contain:

1. The names of persons who disclosed a conflict or potential conflict;
2. The nature of the conflict;
3. Any actions taken to determine whether a conflict existed;
4. The Board's decision regarding the conflict; and
5. The results of any vote taken.
