

MINNESOTA STATE BAND CONFLICT-OF-INTEREST POLICY

Reason for Statement

The Minnesota State Band (MSB), as a nonprofit, tax-exempt organization, depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the operations of MSB first must fulfill all legal requirements. They also depend on the public trust and thus are subject to scrutiny by and accountability to both governmental authorities and members of the public.

Consequently, there exists between MSB and its board a fiduciary duty that carries with it a broad and unbending duty of loyalty and fidelity. The board has the responsibility of administering the affairs of MSB honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of MSB. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with MSB or knowledge gained there from for their personal benefit. The interests of the organization must have the first priority in all decisions and actions.

Key Areas in Which Conflict May Arise

Conflicts of interest may arise in the relations of directors with any of the following third parties:

- Persons and firms supplying goods and services to MSB
- Persons and firms from whom MSB leases property and equipment
- Donors and others supporting MSB
- Family members and friends

Nature of Conflicting Interest

A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms. Such an interest might arise, for example, through

1. Receiving remuneration for services with respect to individual transactions involving MSB
2. Using MSB's time, personnel, equipment, supplies, or good will other than for approved MSB activities, programs, and purposes
3. Receiving personal gifts or loans from third parties dealing with MSB. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

Interpretation of This Statement of Policy

The areas of conflicting interest and the relations in those areas that may give rise to conflicts are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the directors will recognize such areas and relations by analogy. The fact that one of the interests exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to the interests of MSB.

However, it is the policy of the board that the existence of any of the interests described shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of the board to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Disclosure Policy and Procedure

Disclosure should be made according to MSB standards. Transactions with related parties may be undertaken only if all of the following are observed:

1. A material transaction is fully disclosed in the audited financial statements of the organization;
2. The related party is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The organization's board has acted upon and demonstrated that the transaction is in the best interest of the organization.

Disclosures should be made to the president (or if he/she is the one with the conflict, then to the full board), who shall determine whether a conflict exists and is material. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of MSB and the advancement of its purpose.

Approved by Minnesota State Band Board of Directors June 2, 2021