

Conflict of Interest and Compensation Policy

Foothill Band Boosters Club

Adopted by the Board of Directors on: 14 January 2026

I. Purpose and Scope

The purpose of this policy is to protect the **Foothill Band Boosters Club** (the “Corporation”) when it is considering a transaction or arrangement that might benefit the private interests of a director, officer, or key person. This policy is intended to supplement, but not replace, California and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

- **To Whom It Applies:** This policy applies to all directors, officers, and key persons, including those serving the Foothill Instrumental Music Program.
- **Duty of Loyalty:** Directors and officers have a duty to act in the Corporation’s best interests and may not use their positions for personal or financial gain.

II. Identifying Conflicts of Interest

A potential conflict of interest arises when a director, officer, or key person (or their relative/business):

- Stands to gain a **financial benefit** from a Corporation action or transaction.
- Has an interest that could **impair objectivity** in discharging duties to the music program.

Common Examples in a Booster Context:

- An officer owns a business that provides instrument repairs or uniform cleaning services to the program.
- A director receives personal gifts or loans from a vendor providing fundraising merchandise.
- A board member pursues a business opportunity for personal gain that they know the Corporation is considering.

III. Disclosure Procedures

1. **Duty to Disclose:** You must disclose all potential conflicts in writing to the **Audit Committee** (or the Board, if no committee exists) as soon as you become aware of them.
2. **Annual Statements:** Every director and officer must file an annual disclosure statement¹³. New directors must file this statement prior to their initial election.
3. **Determining a Conflict:** The Audit Committee will review the material facts and determine if a conflict exists. The interested person must not be present for this deliberation or vote.

IV. Addressing Conflicts & Related Party Transactions

Under California law, a "Related Party Transaction" (a transaction where a director has a material financial interest) requires specific handling:

- **Recusal:** A conflicted person shall not be present during the discussion or vote on the matter.
- **Board Approval:** The Board may only approve the transaction if it determines in good faith that the transaction is **fair, reasonable, and in the Corporation's best interest**.
- **Substantial Interests:** If the financial interest is substantial, the Board must consider alternative transactions and document the basis for approval in the minutes.
- **Prohibited Acts:** The Corporation is strictly prohibited from making loans to any director or officer.

V. Procedures for Determining Compensation

To ensure compensation is reasonable and does not result in "excess benefit," the following rules apply:

1. **Recusal:** No person may participate in discussions or votes regarding their own compensation or that of a relative.
2. **Comparability Data:** For key positions, the Board must base approval on appropriate data, such as compensation paid by comparable nonprofit music organizations for similar positions.
3. **Documentation:** The Board must contemporaneously document the data relied upon and the basis for the final compensation amount.

Foothill Band Boosters Club
Annual Conflict of Interest Disclosure Statement

Name: _____ **Position:** _____

By signing below, I affirm that:

- I have received, read, and agree to comply with the Conflict of Interest and Compensation Policy.
- I am disclosing below any entity in which I participate that has a relationship with the Corporation, or any transaction where I may have a conflicting interest.

Disclosures (if none, write "none"):

Signature: _____ **Date:** _____