

Jakon Nete Conflict of Interest Policy

Article I – Purpose

The purpose of this Conflict of Interest Policy is to protect the integrity and trust of Jakon Nete (the “Church”), a nonprofit religious corporation organized under the New Mexico Nonprofit Corporation Act, when it is considering transactions or arrangements that may benefit the private interest of a director or officer. The policy ensures that all decisions are made in the best interest of the Church, free from undue influence or private inurement.

Article II – Definitions

1. **Interested Person:** Any director or officer who has a direct or indirect financial interest.
2. **Financial Interest:** A person has a financial interest if they, or a related party:
 - Have an ownership or investment interest in any entity with which the Church has a transaction or arrangement.
 - Receive or may receive compensation from the Church or from an entity with which the Church has a transaction or arrangement.
 - Have a potential ownership, investment, or compensation arrangement with any entity with which the Church is negotiating or considering a transaction or arrangement.
3. **Related Party:** Includes:
 - Relatives (spouse, domestic partner, siblings, children, grandchildren, great-grandchildren, and their spouses/domestic partners).
 - Entities in which the Interested Person or their relatives hold a significant ownership interest (greater than 5% interest).
 - Trusts or organizations where the Interested Person or their relatives serve as a director, trustee, or officer.

4. **Conflict of Interest:** A situation where an Interested Person's personal or financial interests may interfere with their duty of loyalty to the Church.
 5. **Excess Benefit Transaction:** Any transaction in which the economic benefit provided by the Church to or for the use of a disqualified person exceeds the value of the consideration received by the Church, as defined under Internal Revenue Code §4958.
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Article III – Duty to Disclose

1. An Interested Person must disclose the existence of any actual, potential, or perceived conflict of interest to the Board of Directors.
 2. The Interested Person shall provide all material facts relevant to the proposed transaction or arrangement.
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Article IV – Determining Whether a Conflict Exists

1. After disclosure, the Interested Person shall leave the meeting while the potential conflict is discussed.
 2. The remaining disinterested directors will determine, by majority vote, whether a conflict of interest exists.
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Article V – Procedures for Addressing Conflicts

1. An Interested Person may present information to the Board but must leave during discussion and voting.
 2. The Board shall consider alternatives to the proposed transaction to determine whether a more advantageous arrangement exists that would not present a conflict.
 3. If no alternative is reasonably available, the Board may approve the transaction if it is fair, reasonable, and in the best interest of the Church.
 4. Any decision must be approved by a majority of disinterested directors.
 5. In cases of compensation, the Board may obtain and document comparability data to ensure reasonableness.
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Article VI – Violations

1. If the Board has reason to believe a person failed to disclose a conflict, it will inform the person and allow an explanation.
 2. If it determines a violation occurred, the Board may take disciplinary action, including but not limited to removal from the Board and/or officer position(s).
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Article VII – Records of Proceedings

The minutes of meetings addressing conflicts of interest shall include:

- The names of persons disclosing conflicts.
 - The nature of the conflict.
 - The Board's determination of whether a conflict existed.
 - Alternatives considered.
 - The decision and votes taken.
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Article VIII – Compensation

1. A director who receives compensation from the Church for services rendered in another capacity is precluded from voting on matters related to their own compensation.
 2. Such a director may provide information to the Board regarding compensation but shall not participate in deliberations or votes.
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Article IX – Confidentiality

All disclosures and related discussions under this Policy are confidential. Directors, officers, employees, and volunteers shall not disclose or use such information outside the scope of their duties to the Church.

Article X – Periodic Reviews

To ensure the Church operates in a manner consistent with its religious and charitable purposes:

1. The Board shall periodically review whether compensation and benefits are reasonable and based on objective data.
2. The Board shall review whether partnerships and transactions conform to the Church's mission, further its purposes, and avoid excess benefit or private inurement.

Article XI – Use of Outside Experts

When appropriate, the Board may engage outside advisors to provide comparability data or guidance in evaluating potential conflicts. Their use does not relieve the Board of its fiduciary duties.

Adopted by the Board of Directors of Jakon Nete on October 25, 2025