

Stoughton Hospital Association (d.b.a. Stoughton Health)

Governing Body Member Annual Questionnaire

Conflict of Interest

For Form 990 Filing Year: 2023 (Fiscal year 10/01/2022 – 9/30/2023)

Name: _____

Title: _____

Date: _____

Signature: _____

As you are aware, each year Stoughton Hospital Association (d.b.a. Stoughton Health) (“the Hospital”) the Hospital files an annual information return with the Internal Revenue Service known as the Form 990. The Form 990 includes questions regarding certain disclosures of information related to you and your relationship with the Hospital (whether we may consider you an independent member of the board), other board members (via family and business relationships) and potential conflicts of interest (regarding business transactions the Hospital enters into with organizations you may be affiliated).

Please review and answer the following questions to the best of your knowledge and belief regarding the matters being addressed. The questionnaire is presented in three distinct parts, associated with four categorical areas. Each part relates specifically to an area of disclosure that has been incorporated into the Form 990. Each of these areas of disclosure must be addressed by the Hospital in order to properly complete the form. Please answer each question “yes” or “no” by putting an “x” in the appropriate response. In addition, if information is sought related to a specific question, please provide that information in the space provided.

Upon completion of this questionnaire, please sign and date in the applicable area above, and return to the Hospital (Attn: Angela Polster, Executive Services Coordinator) as soon as possible. Your prompt attention to this questionnaire is appreciated in advance.

Each question has with it an accompanying area which provides an explanation, examples and definitions of terms pertinent to the question.

A. Independence

- 1) Were you or a member of your family involved in a business transaction with the Hospital, or any of the Hospital’s affiliates? [e.g., Stoughton Hospital Imaging, LLC].

Yes _____ No _____

If yes, please describe the business transaction:

Examples of information requested and related to this question 1) under Independence and definitions:

Family member: Unless specified otherwise, the family of an individual includes only his or her spouse, ancestors, brothers and sisters (whether whole- or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

Business transaction: Business transactions include but are not limited to contracts of sale, lease, license, and performance of services, whether initiated during the organization’s tax year or ongoing from a prior year. Business transactions also include joint ventures, whether new or ongoing, in which either the profits or capital interest of the organization and of the interested person each exceeds 10%. The organization’s charging of membership dues to its officers, directors, etc. are not considered business transactions for purposes of this question.

Types of relationships with the Hospital which could cause you to answer “yes” to this question:

- A family member is paid compensation from one of our related organizations (only if over \$10,000);
- You or a family member has received a loan from the Hospital (if a balance due, in any amount is outstanding at the end of our Hospital’s tax year);
- You or a family member has received a grant or other assistance from the Hospital (for any amount given during the year we are reporting on Form 990), or
- You or a family member has entered into a business transaction with the Hospital (this includes transactions with a business in which you are an officer, director, trustee, own over 35% of the entity with your fellow officers directors trustees of our Hospital, or own over 5% of the interests in a business as a partner or a shareholder).

A. Independence (continued)

Example: B is a voting member of the organization's board of directors. B is also a partner with a profits and capital interest greater than 5% in a law firm, C, that charged \$120,000 to the organization for legal services in a court case. The transaction between C and the organization is a reportable transaction because it is a transaction between the organization and an entity of which B is a more than 5% owner, and because the payment from C to the organization exceeded monetary thresholds for reporting.

Accordingly, B is not an independent member of the governing body, because the \$120,000 payment must be reported as an indirect business transaction with B. If B were an associate attorney (an employee) but not an officer, director, trustee, key employee, or owner of the law firm, then the transaction would not affect B's status as an independent member of the organization's governing body. Answer "yes" to the question and provide brief summary details regarding the transaction.

Example: D is a voting member of both the organization's governing body and the governing body of C, a related organization. D's daughter, E, received \$40,000 in taxable compensation as a part-time employee of C. D is not an independent member of the governing body, because E received compensation from C, a related organization to D, and the compensation was of a type (compensation to family member of a member of C's governing body) and amount (over \$10,000) that would be a reportable transaction. Answer "yes" to the question and provide brief summary details regarding the transaction.

Example: C is an attorney employed by a law firm that is not a related organization with respect to the organization. The organization and the law firm enter into an arrangement where C serves the organization, a 501(c)(3) legal aid society, pro bono on a full-time basis as its vice-president and as a board member while continuing to receive her regular compensation from the law firm. The organization does not provide any compensation to C for the services provided by C to the organization, and does not report C's compensation on Form W-2 or Form 1099-MISC. The law firm does not treat any part of C's compensation as a charitable contribution to the legal aid society. Under these circumstances, the amounts paid by the law firm to C do not require that the organization report the transaction, with respect to C. Also, nothing in these facts would prevent C from qualifying as an independent member of the organization's governing body for all purposes of Form 990. Answer "no" to the question.

Example: D, a volunteer director of the organization, is also the sole owner and CEO of M management company (an unrelated organization), which provides management services to the organization. The organization pays M an annual fee of \$150,000 for the management services. Under these circumstances the amounts paid by M to D (in the capacity as owner and CEO of M) is not a reportable transaction for the exempt organization. However, the transaction with M, including the relationship between D and M is reportable. Therefore, in this example, D does not qualify as an independent member of the organization's governing body, because D receives indirect financial

benefits from the organization through M that are reportable. Answer “yes” to the question and provide brief summary details regarding the transaction.

B. Family Relationships and Business Relationships

The following question 2) asks whether or not you have a family relationship or a business relationship with your fellow directors/members of the governing body of our Hospital. The following terms are important to understand for the purposes of answering this question. In addition, examples are provided which you should review before answering the questions.

Family Relationship: Unless specified otherwise, the family of an individual includes only his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

Business Relationship: Business relationships between two persons include any of the following:

- i) One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a **trustee, director, officer, key employee**, or greater than-35% owner;
- ii) One person is transacting business with the other (**other than in the ordinary course of either party’s business on the same terms as are generally offered to the public**), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization’s tax year (indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner); and
- iii) The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.

IMPORTANT NOTE: Under #ii) above, only answer “yes” to the business transactions question if you entered into a business transaction with a fellow director/director’s business IF NOT on terms offered to the general public at large. See examples following.

Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

Privileged relationship exception. For purposes of a “business relationship” such does not include a relationship between (a) attorney and client, (b) medical professional (including psychologist) and patient, or (c) priest/clergy and penitent/communicant.

Example (family relationship): B is an officer of the organization, and C is a member of the organization’s governing body. B is C’s brother-in-law. The organization must report that B and C have a family relationship. Answer “yes” to the question and provide the relationship.

Example (business relationship, transaction): D and E are officers of the organization. D is also a partner in an accounting firm with 300 partners (with a 1/300th interest in the firm’s profits and capital), but is not an officer, director, trustee, or key employee of the accounting firm. D’s accounting firm provides services to E in the ordinary course of the accounting firm’s business, on terms generally offered to the public, and receives \$100,000 in fees during the year. The relationship between D and E is not a reportable business relationship, either because (1) it is in the ordinary course of business on terms generally offered to the public, or (2) D does not hold a greater-than-35% interest in the accounting firm’s profits or capital. Answer “no” to the question.

Example (business relationship, transaction): F and G are trustees of the organization. F is the owner and CEO of an automobile dealership. G purchased a \$45,000 car from the dealership during the organization’s tax year in the ordinary course of the dealership’s business, on terms generally offered to the public. The relationship between F and G is not a reportable business relationship, because the transaction was in the ordinary course of business on terms generally offered to the public. Answer “no” to the question.

Example (business relationship, officers in each others business): H and J are members of the organization’s board of directors. Both are CEOs of publicly traded corporations and serve on each other’s boards. The relationship between H and J is a reportable business relationship, because each is a director or officer in the same business entity. Answer “yes” to the question, and provide information regarding the relationship.

Example (business relationship, privilege exception): K is a key employee of the organization, and L is on its board of directors. L is a greater-than-35% partner of a law firm that charged \$60,000 during the organization’s tax year for legal services provided to K that were worth \$600,000 at the law firm’s ordinary rates (thus, the ordinary course of business exception does not apply). However, the relationship between K and L is not a reportable business relationship, because of the privileged relationship of attorney and client. Answer “no” to the question.

B. Family Relationships and Business Relationships (continued)

QUESTION:

- 2) Did you have a family or business relationship (NOT at terms offered to the general public at large) with any other officer, director, trustee or key employee of the Hospital?

Yes _____ No _____

If yes, please describe the family or business transaction (e.g., brother, sister in law, business purchase/provision of services, or business purchase/provision of products):

The following are considered key employees of the Hospital for the purposes of this question #2 (business relationship part):

Daniel DeGroot, President/CEO
Michelle Abey, CFO/VP of Finance
Amy Hermes, CNO/VP of Patient Services
Mary Hermes, Director, Engagement and Experience
Teresa Lindfors, Chief Strategy and Business Development Officer
Christopher Schmitz, VP of HR, Campus Planning, Operational Support Services
Laura Mays, Executive Director, Foundation/PR/Marketing/Business Development

C. Conflict of Interest

A conflict of interest policy defines conflicts of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that may help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A “conflict of interest” arises when a person in a position of authority over an organization, such as an officer, director, or manager, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest does not include questions involving a person’s competing or respective duties to the organization and to another organization, such as by serving on the boards of both organizations that do not involve a material financial interest of, or benefit to, such person.

Example. B is a member of the governing body of X Charity and of Y Charity, which are 501(c)(3) public charities with different charitable purposes. X Charity has taken a public stand in opposition to a specific legislative proposal. At an upcoming board meeting, Y Charity will consider whether to publicly endorse the same specific

legislative proposal. While B may have a conflict of interest in this decision, the conflict does not involve a material financial interest of B's merely as a result of Y Charity's position on the legislation.

QUESTIONS:

- 3) Are you aware of any Hospital transactions which require approval of the board, from which you or a family member may materially benefit financially?

Yes _____ No _____

If yes, please describe the transaction and whether or not you withdrew yourself from voting on such transaction:

- 4) Are you aware of any Hospital transaction which **DOES NOT** require approval of the board, which you or a family member hold a substantial business or investment with a vendor doing business with the Hospital?

Yes _____ No _____

If yes, please describe the transaction and whether or not you identified the transaction to management or to the board:

- 5) Are you aware of any Hospital transactions which require approval of the board, which you or a family member hold a substantial business or investment with a vendor doing business with the Hospital?

Yes _____ No _____

If yes, please describe the transaction and whether or not you withdrew yourself from voting on such transaction:

- 6) Are you aware of any Hospital transactions which require approval of the board, which you or a family member may receive a material financial benefit from such vendor as a result of your employment relationship (i.e., commissions), or via ownership interests in such vendor?

Yes _____ No _____

If yes, please describe the transaction and whether or not you removed yourself from voting on such transaction:
