



## ABP Corporate Policy

### Board of Directors (BOD) Member Independence

The IRS requires that we gather certain information from our board members in order to answer some of the new questions posed on the revised Form 990 that we must file annually with the IRS. Before completing the short questionnaire that follows, please read the information below regarding board independence. Then complete the questionnaire and sign the form where indicated and submit it to the ABP.

There is no set requirement that a nonprofit organization have a certain number of independent board members. The inclusion of independent directors on the board of a nonprofit entity, however, is considered a good governance practice. In 2007, the Panel on the Nonprofit Sector released its Principles for Good Governance and Ethical Practice, which suggest that two-thirds of a charity's board should be composed of independent members.

Independent members of a governing body are generally those members with no financial or family connections to the organization. The recommendation for independent directors stems from the notion that a board of directors will be more objective, and more mindful of the organization's mission, if they are independent from the other members of the governing body and from the organization itself. Directors who are related through family and business relationships, or whose compensation is set by the other directors, may be less inclined to exercise independence in their decision making.

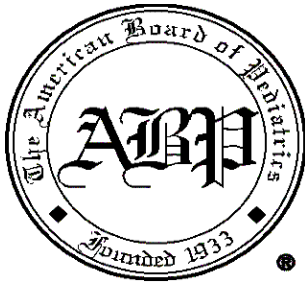
A member of the governing body is considered independent for Form 990 reporting purposes only if all three of these circumstances applied at all times during the organization's tax year:

1. The member was not compensated as an officer or other employee of the organization or of a related organization.
2. The member did not receive total compensation or other payments exceeding \$10,000 for the year from the organization or from related organizations as an independent contractor. Such compensation does not include reimbursement of expenses or reasonable compensation for services provided in serving as a member of the governing body. For example, an ABP Member who received honoraria payments in excess of \$10,000 for serving as a member of the Board of Directors does not cease to be independent because of those payments.
3. Neither the member, nor any family member of the member, was involved in a transaction with the organization, directly or indirectly through affiliation with another related organization. Such transactions include: employment, loans, leases, performance of services, transfers of cash or property valued in excess of \$5,000.  
Family members include: spouse, ancestor, sibling, child, grandchild as well as the spouses of siblings, children or grandchildren.

A member of the governing body is not considered to lack independence merely because the member is a major donor to the organization, regardless of the amount of the contribution.



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### American Board of Pediatrics Board of Directors Member Independence Statement

By signing below in the spaces provided, I acknowledge that I have read and understood the ABP policy statement referring to Board Member Independence and:

Have you been employed (including non-employee executive officers) by the ABP or any related organization within the past three years?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you a partner, controlling shareholder or executive officer of an organization that has a business relationship with the ABP, or do you have a direct business relationship within the ABP (e.g., consultant)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you employed as an executive of another corporation where any of the ABP's executives serve on that corporation's compensation committee?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you a member of the immediate family of an individual who is an executive officer of the ABP or any of its affiliates?	<input type="checkbox"/> Yes <input type="checkbox"/> No

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Date: \_\_\_\_\_