

_____, INC.

Conflict of Interest Policy

Article I Introduction

The purpose of the conflict of interest policy of this charitable tax-exempt organization (the Organization) is to protect the Organization's interest when it is contemplating entering into a transaction or arrangement: (i) that might benefit the private interest of a director, trustee, officer, member of a committee with governing board delegated powers, or senior employee of the Organization; (ii) that might result in a possible excess benefit transaction under the IRS "Intermediate Sanctions" rules; or (iii) where a director, trustee, officer, member of a committee with governing board delegated powers, or senior employee otherwise has an outside interest that might affect his or her independence of judgment.

In furtherance of the protection of the Organization interests, it is the Organization's policy, in addition to the requirements set forth elsewhere herein, that: (i) a director, trustee, officer, committee member, or employee shall not, except in compliance with the requirements and procedures below, receive gifts or favors that might influence, or from which it could be reasonably inferred that the gift or favor was intended to influence, the individual in the performance of Organization duties (a "Gift Transaction"); (ii) a director, trustee, officer, committee member, or employee shall not disclose or use Organization information for the profit, advantage, or benefit of anyone other than the Organization (an "Information Use Transaction"); and (iii) a director, trustee, officer, committee member, or employee shall not use Organization transactional or financial opportunity for the profit, advantage, or benefit of anyone other than the Organization (an "Organization Opportunity Transaction").

Article II Definitions

1. Interested Person

Any director, trustee, officer, member of a committee with governing board delegated powers, or senior employee who has a direct or indirect financial or duality interest, as defined below, is an "interested person."

2. Financial or Duality Interest

- a. A person has a "financial interest" if the person has, directly or indirectly, through business or investment, including through the activities of a family member or a household member:
 - i. an ownership or investment interest in any entity with which the Organization has or is considering a transaction or arrangement;

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- ii. a compensation arrangement with the Organization or with any entity or individual with which the Organization has or is considering a transaction or arrangement;
- iii. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is considering or negotiating a transaction or arrangement; or
- iv. engaged in a Gift Transaction, an Information Use Transaction, or an Organization Opportunity Transaction, as defined in the Introduction, above.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

- b. A person has a “duality interest” if the person serves as an officer, director, trustee, senior employee, or corporation member of an Organization or entity, for-profit or nonprofit, with which the Organization has or is considering a transaction or arrangement, including a grant or funding arrangement.
- c. “Senior employee” means a chief management or administrative official, such as executive director or department head.
- d. “Family member” means any of the following relatives of an “interested person” as defined above, whether or not the family member resides with the “interested person”: spouse or domestic partner; siblings (whether whole or half blood); spouses of siblings (whole or half blood); ancestors; children (whether natural or adopted); grandchildren; great grandchildren; spouses of children, grandchildren or great grandchildren.
- e. “Household member” means any person who resides with an “interested person” as defined above, whether or not the household member is related by blood or marriage to the “interested person.”
- f. A financial or duality interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial or duality interest has a conflict of interest if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial or duality interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial or duality interest and all material facts, and after any discussion with the interested person, he or she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. For this and other purposes under this Policy, if the number of directors or trustees without a potential conflict of interest is less than the normal number for a quorum, then the number of directors or trustees without a potential conflict of interest shall constitute a quorum.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall by a majority vote of disinterested directors or committee members do the following:
 - i. determine whether the transaction or arrangement is in the Organization's best interest and for its own benefit, is fair and reasonable to the Organization, is based on appropriate comparability information, and will not result in an excess benefit transaction for IRS purposes; and
 - ii. make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
- c. Any person who believes in good faith that a person covered by this policy has failed to comply with this policy shall report the matter to the Executive Director or a member of the Board of Trustees. No person covered by this policy shall retaliate in any way against any person who in good faith reports a violation or potential violation of this policy.

Article IV Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. the names of the persons who disclosed or otherwise were found to have a financial or duality interest in connection with an actual or possible conflict of interest, the nature of the financial or duality interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed; and
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the

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Organization for services is precluded from voting on matters pertaining to that member's compensation.

- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Annual Statements

Each director, trustee, officer, member of a committee with governing board delegated powers, and senior employee shall annually sign a statement which affirms that such person:

- a. has received a copy of the conflicts of interest policy,
- b. has read and understands the policy,
- c. has agreed to comply with the policy, and
- d. understands that the Organization is tax-exempt and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The statement shall include information relating to any actual or potential financial or duality interest as to such person.

Article VII Periodic Reviews

To ensure the Organization operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. adequacy of this Conflict of Interest Policy and sufficiency of the Organization's compliance with the Policy;
- b. whether compensation arrangements and benefits are reasonable and are approved pursuant to appropriate procedures;
- c. whether any other financial or duality interests with respect to directors, trustees, officers, members of a committee with governing board delegated

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powers, and senior employees are in the best interest of the Organization and approved pursuant to appropriate procedures; and

- d. whether partnerships, joint ventures, and arrangements with management Organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Organization's tax-exempt purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.