

Conflict of Interest Policy and the Annual Potential Disclosure Of Conflicts of Interest Policy

Section 1. Purpose A conflict of interest occurs when an individual's personal interests, financial or otherwise, could improperly influence their decisions and potentially compromise the organization's reputation or tax-exempt status. The purpose of the conflict-of-interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Policy Requirements. Any real or potential "Conflict of Interest" and/or "Related Party Transaction" (each as defined herein) and any other interested matter must be addressed in accordance with the terms of this Board of Directors Conflicts of Interest and Related Party Transactions Policy. Any Conflict of Interest and/or Related Party Transaction, or any other interested matter, authorized in a manner that is materially inconsistent with the terms of this policy may be subsequently rendered void or voidable by a vote of a majority of the Board of Directors, excluding any Directors with an interest in the subject transaction or matter.

Section 3. Definitions

Section 3.1. Conflict of Interest. Unless otherwise specifically excluded herein, a "Conflict of Interest" means any transaction, agreement, or any other arrangement, including, but not limited to a "Related Party Transaction," as defined herein, between this Corporation and another individual or entity that confers a direct, substantial benefit to any Related Party, as defined herein. The following circumstances shall not be considered a Conflict of Interest for purposes of interpretation of this definition or consideration of a Conflict of Interest by the Board of Directors:

- i. the current, or prior, service of an Officer, Director or Key Person of this Corporation, or a Relative thereof, all as defined herein, as an officer, director, trustee, key employee or partner, or the equivalent thereof, of any corporate entity that is: considered to be an Affiliate, as defined herein; otherwise controlled by, or controls, this Corporation, and/or; an Affiliate of any corporate entity controlled by, or that controls, this Corporation, or;
- ii. the current, or prior, receipt by an Officer, Director, or Key Person of this Corporation, or a Relative thereof, of goods or services

offered by this Corporation that are generally made available to other similarly situated individuals, provided that the recipient does, has not, received any form of preferential treatment via his/her relationship with this Corporation.

The assessment of, and any determination concerning any Conflict of Interest must be considered in strict compliance with the adopted policies and procedures of the Corporation.

Section 3.2. Related Party Transaction. Unless otherwise specifically excluded herein, a “Related Party Transaction” means any transaction, agreement, or any other arrangement in which a Related Party has a financial interest and in which the Corporation is a participant. The following circumstances shall not be considered a Related Party Transaction for purposes of interpretation of this definition or consideration of a Related Party Transaction by the Board of Directors:

- i. the transaction, or the Related Party’s financial interest in the transaction is de minimis;
- ii. the transaction would not customarily be reviewed by the Board, or Boards of similar organizations, in the ordinary course of business and is available to others on the same or similar terms; or
- iii. the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Corporation intends to benefit as part of the accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms.

The assessment of, and any determination concerning, any Related Party Transaction, must be considered in strict compliance with the adopted policies and procedures of the Corporation.

Section 3.3. Related Party. A “Related Party” means any:

- i. Officer, as defined by Appendix A;
- ii. Director, as defined by Appendix A;
- iii. Key Person, as defined by Appendix A;
- iv. Founder of the Corporation;
- v. Individual who has made substantial monetary contributions to the Corporation;
- vi. Relative, as defined by statute, of an Officer, Director, or Key Person;
- vii. Entity where an Officer, Director or Key Person, Founder, or substantial contributor or a Relative thereof, directly, or

- indirectly, holds a thirty-five percent (35%), or greater, ownership or beneficial interest; or,
- viii. Partnership or professional corporation where an Officer, Director or Key Person, Founder, or substantial contributor or a Relative thereof, directly or indirectly, has an ownership interest in excess of five percent (5%).

Section 4. General Disclosure. Prior to initial election, and annually thereafter, each Director shall be required to complete, sign and submit to the Secretary, or an authorized designee, as appropriate, a written statement identifying, to the best of the Director's knowledge, any entity of which such Director is an officer, director, trustee, owner (either as a sole proprietor, partner or member) or employee and with which the Corporation has a relationship, and any transaction in which the Corporation is a participant and in which the Director might have a real or potential interest. The Secretary shall provide a copy of all completed disclosure statements to the Audit Committee, or another authorized committee thereof, as appropriate. A copy of each disclosure statement shall be available to any Director on request.

Section 5. Specific Disclosure. If at any time during his or her term of service, a Director, Officer or Key Person (each as defined by Appendix "A") acquires an interest, or circumstances otherwise arise, which could give rise to a real or potential Conflict of Interest and Related Party Transaction, or any other interested matter, he or she shall promptly disclose, in good faith, to the Audit Committee, the material facts concerning such interest.

Section 6. Process of Review. The Audit Committee shall thoroughly review any real, or potential, Conflict of Interest or Related Party Transaction, or any other interested matter prior to issuing any approval.

Section 7. Standard of Review. For purposes of this policy, amongst the considerations of the Audit Committee relative to assessment of any real or potential Conflict of Interest and/or Related Party Transaction, shall make the determination as to whether any financial interest, amounts to a Conflict of Interest and/or a Related Party Transaction, each as defined herein. Should any such financial interest be considered a Conflict of Interest and/or a Related Party Transaction, the terms of this "Conflict of Interest and/or Related Party Transaction Policy" shall apply with regard to proper consideration of the matter. Should the financial interest not amount to a Conflict of Interest and/or Related Party Transaction, as defined herein, the transaction shall be considered an ordinary business matter unworthy of additional non-customary review and/or documentation.

Section 8. Authorization of Conflicts of Interest & Related Party Transactions. The Corporation shall not enter into any matter considered to be a Conflict of Interest and/or a Related Party Transaction, or any other interested matter, unless such a financial transaction, or other matter, is determined by the Audit Committee to be fair, reasonable and in the Corporation's best interest

at the time of such determination.

Section 9. Authorization of Transactions Concerning Substantial Financial Interest. With respect to any Conflict of Interest and/or Related Party Transaction, or other interested matter, in which a Related Party, or otherwise conflicted individual, has a substantial financial interest, the Audit Committee shall:

- i. prior to entering into any such transaction, or matter, to the extent practicable, consider alternative transactions and/or a review of information compiled from, at least, two (2) independent appraisals of other comparable transactions;
- ii. approve the transaction by not less than a two-thirds (2/3s) majority vote of the Directors present at the meeting; and,
- iii. contemporaneously document the basis for approval by the Audit Committee, which shall include the preparation of a written report, to be attached to the minutes of any meeting where the transaction or matter was deliberated or authorized, identifying the details of the transaction or matter; alternate transactions considered; materials or other information reviewed, Directors, or committee members, present at times of deliberations; names of those who voted in favor, opposed, abstained or were absent; and, the specific action authorized.

Section 10. Restrictions. With respect to any Conflict of Interest and/or Related Party Transaction, or any other conflicted matter, considered by the Audit Committee, no Related Party, or otherwise conflicted individual, shall:

- i. be present at, or participate in, any deliberations;
- ii. attempt to influence deliberations; and/or,
- iii. cast a vote on the matter.

Nothing herein shall prohibit the Audit Committee from requesting that a Related Party, or otherwise conflicted individual, present information concerning a Conflict of Interest and/or Related Party Transaction, or any other interested matter, at an Audit Committee meeting prior to the commencement of deliberations or related voting.

Section 11. Audit-Related Disclosure. It shall be the duty of the Secretary to see to it that all newly received and annually submitted Director Disclosure Statements and any case specific Conflict of Interest and/or Related Party Transaction reports, together the minutes of any related meetings, are promptly provided to the Secretary in an effort to assure that they are properly considered for auditing purposes.

—Annual Potential Conflicts Disclosure Statement—

As a Director or Officer or Key Person of the Corporation, you are required to truthfully, completely and accurately disclose all information requested herein and to promptly update all such information as factual circumstances may change from time-to-time. With regard to this Conflicts Disclosure Statement, be advised, all material terms identified by quotation marks are defined by Appendix “A” of the Bylaws, which is entitled “Bylaws & Corporate Policy Definitions”.

Please circle ‘Yes’ or ‘No’ & provide additional information when requested.

Financial Information Return Disclosure

Responses to the following questions are required to complete financial information returns annually submitted to the Internal Revenue Service and the Office of the Attorney General.

1. Have you served as an Officer, Director, Trustee, Key Person, partner or member of, or hold a 35%, or greater ownership or beneficial interest, or with a partnership or professional corporation a direct or indirect ownership interest in exceeding 5%, in an entity, which during the most recently completed, or current, fiscal year, had, or are reasonably anticipated to have, a direct, or indirect, business relationship, with the Corporation?

No **Yes** If **Yes**, attach a detailed explanation of the circumstances.

2. Have you, individually, or through an entity where you hold a 35%, or greater ownership or beneficial interest, or in the case of a partnership or professional corporation a direct or indirect ownership interest in excess of 5%, during the most recently completed, or current, fiscal year, had, or are reasonably anticipated to have, a direct, or indirect, business relationship, with any individual who is a current or former “Officer,” “Director,” “Trustee,” or “Key Person?”

No **Yes** If **Yes**, attach a detailed explanation of the circumstances.

3. Do you have a Relative who, during the most recently completed, or current, fiscal year, had, or is reasonably anticipated to have, a direct, or

indirect, business relationship with the Corporation?

No **Yes** If **Yes**, attach a detailed explanation of the circumstances.

4. Have you, or did you have a Relative who, during the most recently completed, or current, fiscal year, had, or is reasonably anticipated to have, any transaction with the Corporation that might reasonably be considered a real or potential conflict of interest pursuant to the Corporation's Board of Directors Conflicts of Interest Policy, which has not been otherwise disclosed herein?

No **Yes** If **Yes**, attach a detailed explanation of the circumstances.

5. The Corporation relies upon a comprehensive written Conflicts of Interest & Related Party Transaction Policy, has the Board of Directors neglected to provide you with a current draft of this policy or a sufficient opportunity to review and discuss its terms?

No **Yes** If **Yes**, attach a detailed explanation of the circumstances.

Independent Director Assessment Disclosure

Please circle 'Yes' or 'No' & provide additional information when requested.

In order to qualify as an "Independent Director," as defined by statute, an Officer or Director must respond in the **negative** to each of the following questions, although failure to respond to all questions in the negative shall not necessarily preclude such an Officer or Director from serving on the Board of Directors.

1. Are you currently, or have you been within the last 3 fiscal years, an Employee or a Key Person of the Corporation, or an Affiliate of the Corporation?

No **Yes** If **Yes**, please attach a detailed explanation of the circumstances.

2. Do you have a Relative who is, or has been within the last 3 fiscal years, a Key Person of the Corporation or an Affiliate of the Corporation?

No **Yes** If **Yes**, please attach a detailed explanation of the circumstances.

3. Have you received, within the last 3 fiscal years, more than \$10,000 in direct compensation from the Corporation, or an Affiliate of the Corporation, other than reimbursement for out-of-pocket expenses or compensation as a Director?

No **Yes** If **Yes**, please attach a detailed explanation of the circumstances.

4. Do you have a Relative who has received, within the last 3 fiscal years, more than \$10,000 in direct compensation from the Corporation, or an Affiliate of the Corporation, other than reimbursement for out-of-pocket expenses or compensation as a Director?

No **Yes** If **Yes**, please attach a detailed explanation of the circumstances.

5. Are you, or a Relative, a current officer or employee of, or have a substantial financial interest in, any entity that has provided payments* (see notes below), property or services to, or received payments, property or services from, the Corporation, or an Affiliate, if the amount paid by the Corporation, or an Affiliate, to the entity or received by the Corporation, or an Affiliate, from the entity for property or services, within the last 3 fiscal

years, exceeded the lesser of \$10,000 or 2% of such entity's consolidated gross revenues if the entity's consolidated gross revenue was less than \$500,000; \$25,000 if the entity's consolidated gross revenue was 500,000, or more, but less than \$10,000,000; \$100,000 if the entity's consolidated gross revenue was \$10,000,000 or more?

No **Yes** If **Yes**, please attach a detailed explanation of the circumstances.

6. Are you, or a Relative, a current owner (wholly or partially), Director, Trustee, Officer, or Employee of the Corporation's outside auditor, or have otherwise worked on the Corporation's outside audit at any time during the past 3 fiscal years?

No **Yes** If **Yes**, please attach a detailed explanation of the circumstances.

—Certification—

I, the undersigned, certify that I have read and understand this Annual Conflicts Disclosure Statement. I agree that my actions will comply with the disclosures found in this document. I further affirm that neither I, as a Related Party nor any Relative have, or had, an interest, or has taken any action, that contravenes, or is likely to contravene, the Conflicts of Interests and Related Party Transaction Policy of the Corporation or, otherwise impedes my ability to act as a fiduciary and in the best interests of the Corporation, except those that may have been disclosed herein.

Signature

Date

Name

Title (Officer or Director)

- * *Note: for purposes of Question #5 above, the definition the term “payments” does not include charitable contributions, dues or fees paid to the Corporation for services which the Corporation performs as part of its nonprofit purposes, or payments made by the Corporation at fixed or non-negotiable rates or amounts for services received, provided that such services by and to the Corporation are available to individual members of the public on the same terms, and such services received by the Corporation are not available from another source*

