



Conflicts of Interest Policy Board of Directors, Committee Members and Staff

Revised and Adopted June 24, 2004
(Enacted February 16, 2000)

Article I

Purposes and Statement of Policy

The purposes of the conflicts of interest policy are to protect the integrity of the Foundation's decision-making process and to protect the interests of the Foundation when it has entered into, or is contemplating entering into, a transaction or arrangement that might benefit the private interests of any person who is associated with the Foundation in any of the following capacities: director, principal officer, member of a committee with board delegated powers, or staff. Such persons are referred to in this policy as associated persons.

Associated persons owe a duty of loyalty to the Foundation. This duty requires that, while serving the Foundation, the associated persons must act solely in the interests of the Foundation and not in their personal interests or in the interests of third parties. Associated persons must have undivided allegiance to the Foundation's mission and may not use their positions, information they have about the Foundation, or the Foundation's property in a manner that allows them to secure a financial benefit for themselves or for third parties.

The conduct of personal business between any associated person and the Foundation is prohibited. Business transactions of the Foundation in which an associated person has a direct or indirect financial interest, as defined below, shall not be prohibited, but they shall be subject to close scrutiny. Such transactions shall be reviewed carefully to ensure that they are in the best interests of the Foundation and that they do not create an impermissible conflict of interest.

Article II

Definition of Financial Interest

An associated person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- A. an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement; or
- B. a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
- C. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. The existence of a financial interest does not necessarily mean that the associated person has a conflict of interest.

Article III

Procedures

1. **Duty to Disclose**

In connection with any actual or possible conflicts of interest, an associated person must disclose the existence and nature of his or her financial interest and all material facts to the Foundation's board of directors or to members of a conflicts of interest committee with board delegated powers.

2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, an associated person may make a presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting while the determination as to the existence of a conflict of interest is discussed and voted upon by the disinterested board or committee members.

3. **Procedure for Addressing the Conflict of Interest**

In the event that the disinterested board or committee members shall decide that a conflict of interest does in fact exist, they shall determine by a majority vote whether the transaction or arrangement that gives rise to the conflict of interest is, nevertheless, in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation. Based upon this determination, the disinterested board or committee members shall take appropriate disciplinary and/or corrective action.

4. **Violation of the Duty to Disclose**

- a. If the board or committee has reasonable cause to believe that an associated person has failed to disclose actual or possible conflicts of interest, it shall inform the associated person of the basis for such belief and afford the associated person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the associated person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the associated person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and/or corrective action.

Article IV

Records of Proceedings

The minutes of the board or committee shall contain:

1. The name of the person who disclosed or otherwise was found to have a financial interest in connection with an actual or possible conflict of interest; the nature of the financial interest; any action taken to determine whether a conflict of interest was present; the board's or committee's decision as to whether a conflict of interest in fact existed; and the board's or committee's resolution of the conflict of interest, if in fact one existed.
2. The names of persons who were present for discussion 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 therewith.

Article V

Periodic Reviews

To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. whether compensation arrangements and benefits are reasonable and are the result of arm's length bargaining;
- B. whether acquisitions of services result in inurement or impermissible private benefit; and
- C. whether the granting of research funds result in inurement or impermissible private benefit.

In conducting the periodic reviews provided for in this Article V, the Foundation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Article VI

Annual Statements and Disclosures

1. Each director, principal officer, member of a committee with board delegated powers, and staff shall annually sign a statement which affirms that such person:
 - a. has received a copy of the Foundation's conflicts of interest policy;
 - b. has read and understands the policy;
 - c. has agreed to comply with the policy;
 - d. understands that the Foundation is a charitable organization which must engage primarily in activities that accomplish one or more of its tax-exempt purposes;
 - e. understands that no part of the earnings of the Foundation may inure, in whole or in part, to the benefit of private interests.
2. Each director, principal officer, member of a committee with board delegated powers, and staff shall complete an Annual Conflict of Interest Disclosure Report and submit it to the Foundation on or before January 31 of each year.

