CONFLICT OF INTEREST AND EXECUTIVE COMPENSATION POLICY

PURPOSE

The Board of Directors shall monitor the transactions between the corporation and insiders to ensure that any transaction between the corporation and an insider that is a conflict of interest is fair to the corporation and does not grant excessive benefit to the insider. The purposes of this policy are to ensure that directors and officers act loyally to the corporation and that directors, officers, and those who exercise substantial influence over the corporation do not use their influence to obtain benefits more than fair market value in transactions with the corporation. This policy seeks to ensure that the corporation maintains high ethical standards and observes state and federal taxation concerning conflicts and excess benefits transactions.

SECTION 1: DEFINITION OF CONFLICTS OF INTEREST

1. Definition. A conflict of interest arises when an insider described below may benefit financially from a decision it could make in its capacity as an insider, including indirect benefits to family members or businesses with which the insider is closely associated. A conflict of interest arises in any such transaction between the corporation and an insider, except for (i) transactions in the normal course of operations that are available to the general public under similar terms and circumstances, and (ii) expense reimbursements to an insider made pursuant to an accountable plan under IRS Reg. 1.62-2(c)(2).

2. Consequences of Conflicts. Some conflicts of interest are prohibited and our organization cannot engage in them. Others are permitted but are subject to special procedures set out below to ensure that the transaction is fair to our organization and complies with applicable law, regulations, and funder agreements.

3. Conflicts that Fall Outside of Definition. The Board recognizes that this policy may not describe all the transactions or matters in which an insider or an individual or business closely connected with an insider may engage in a transaction or other matter with the corporation that creates divided loyalties or the possibility or perception of a conflict of interest or of unfair advantage to the other party. In such case, the Board shall determine whether the transaction should be treated as a conflict of interest under this policy or should otherwise be scrutinized.

SECTION 2: DEFINITION OF INSIDER

An insider is any of the following persons, family members, or entities:

1. Insider. An insider is any person who is in a position of authority over the corporation or who exerts substantial influence over the corporation, including directors, officers, the top management official, the top financial official, other key employees, the founders, or major donors. An insider described in this section remains an insider for five years after its influence over this corporation ends.

2. Family Members. Family members of insiders are also insiders. Family members include the spouse or partner in a civil union recognized by state law, children, grandchildren, great-grandchildren, whole and half-blooded siblings, ancestors, or spouses of any of these people.

3. Entities. An entity in which a director is a general partner, director, officer, top management official, top financial official, or other key employee is an insider. Corporations and limited liability companies in which an insider own more than 5% of the voting power, partnerships in which the insider owns more than 5% of the profits, or trusts or estates in which the insider owns more than 5% of the beneficial interest are insiders.

4. Other Nonprofits and For-Profits. Another nonprofit or for-profit entity is an insider if (i) one of our directors is also a director or officer of the other entity, and (ii) we and the other entity are engaged in a transaction that is significant enough that the transaction is or should be approved by the boards of both organizations.

SECTION 3: PROHIBITED CONFLICTS

1. Loans to Directors or Officers. Our organization cannot make a loan or guarantee an obligation to or for the benefit of any of its directors or officers.

SECTION 4: PROCEDURE FOR PERMISSIBLE CONFLICTS

To ensure that permissible transactions with insiders are fair to the corporation and comply with state and federal laws:

1. Full Disclosure. All insiders must promptly and fully disclose all material facts of every actual or potential conflict of interest to the Board of Directors at the time such conflict arises.

2. Determination of Fairness. When the corporation engages in a transaction with an insider that constitutes a conflict of interest, the Board shall handle the transaction as follows:

> **2.1. Impartial Board.** The Board shall exclude any insider that has a conflict of interest with respect to the transaction from all discussion and from voting on the transaction. The Board may ask questions of the insider prior to beginning its discussion.
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> **2.2. Comparable Data.** The Board shall gather appropriate data to ensure that the compensation for each insider is reasonable. In the case of employee compensation packages, the Board shall utilize reliable surveys of compensation

for comparable positions or shall utilize data for at least three similarly situated employees in comparable positions. The Board shall not use the employee whose compensation is under consideration to collect comparability data.

2.3. Documentation. The Board shall document its decision by keeping written records that state the terms of the transaction and date approved, the directors present and who voted on it, the comparability data and how the data was obtained, and any actions taken with respect to directors who had a conflict of interest with respect to the transaction. The records must be prepared before the latter of the next Board meeting or 60 days after the final action is taken. Once prepared, the records must be reviewed and approved by the Board within a reasonable time.

3. Identification of Employee Insiders. When employee compensation packages are established each year, the Board shall identify those employees who are insiders. The Board shall monitor the compensation packages of insiders in accordance with the procedure in this section above.

4. Reporting Benefits. When the corporation provides an economic benefit to an insider for the insider's services as employee or an independent contractor, the corporation shall contemporaneously document the transaction as required by the IRS (generally on an original Form W-2, Form 990, or Form 1099, or with a written employment contract).

SECTION 5: COMPLIANCE WITH THIS POLICY

To ensure compliance with this policy:

1. Annual Disclosure Statement. The officers, directors, and key employees shall each year disclose interests that could give rise to a conflict of interest under this policy. Such disclosure will be made on the annual questionnaire and will be filed with the Secretary or Secretary's designee.

2. List of Potential Insiders. On an annual basis, the Secretary of the corporation or the Secretary's designee shall develop and maintain a list of insiders who engage in or are reasonably likely to engage in transactions that constitute conflicts of interest with the corporation during the year.

3. Ongoing Disclosure Obligation. Officers, directors, and key employees shall have an ongoing obligation to notify the Board promptly of interest that subsequently arise that could give rise to a conflict of interest under this policy.

4. Monitoring by Secretary. The Secretary or the Secretary's designee shall monitor and enforce compliance with this policy by reviewing the list of insiders and the Disclosure and Acknowledgment forms each year and by bringing potential or actual conflicts to the attention of the President of the Board. The President shall disclose conflicts to the Board as they arise and ensure that the procedures in this policy are followed.

5. Conveyance to President. The Secretary or the Secretary's designee shall convey the list of insiders identified above to the President and shall instruct the President to notify the Board if the President or any employee plans to engage in a transaction with an insider that constitutes a conflict of interest, including payment or reimbursement for business or travel expenses of the insider or members of the insider's family not made pursuant to an accountable plan under IRS Reg. 1.62-2(c)(2). If so, the Board shall monitor the transaction to ensure that it complies with the procedure in Section 4 above.

SECTION 6: DELEGATION TO COMMITTEE

1. Delegation. The Board may delegate its responsibilities under this policy to a committee of the Board. The committee shall comply with this policy and shall report its decision to the Board in a timely fashion.