

CONFLICT OF INTEREST POLICY

OF

XYZ ORGANIZATION

Article I

Purpose

Section 1.01 Avoidance of Private Inurement and Excess Benefit Transactions. The purpose of this Conflict of Interest Policy is to protect the interests of XYZ Organization (the “Organization”) when contemplates entering into a transaction or arrangement that might (i) benefit the private interest of an officer or director of the Organization, or (ii) might result in a possible “excess benefit transaction” as defined by the U.S. Internal Revenue Code. 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.

Article II

Definitions

Section 2.01 “Board” means the Board of Directors of the Organization.

Section 2.02 “Committee” means a Committee of the Board to which the Board has delegated the power to enter into, or recommend that the Organization enter into, the applicable transaction or arrangement.

Section 2.03 “Compensation” means direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Section 2.04 “Conflict of Interest.” A person has a “Conflict of Interest” if the Board or a Committee decides that the person’s obligations to the Organization are or may be materially limited by the person’s Financial Interest in a matter before the Board or Committee.

Section 2.05 “Director” means a member of the Board.

Section 2.06 “Financial Interest.” A person has a “Financial Interest” if the person, directly or indirectly, through business, investment, or family, has:

(a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

(b) A Compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.

Section 2.07 “Interested Person” means any Director, principal officer, key employee, or member of a Committee, in each case who has a direct or indirect Financial Interest.

Section 2.08 Financial Interest and Conflict of Interest distinguished. A Financial Interest is not necessarily a Conflict of Interest. Under Article III, Section 3.02, a person who has a Financial Interest may have a Conflict of Interest only if the appropriate Board or Committee decides that a Conflict of Interest exists.

Article III Procedures

Section 3.01 Duty to Disclose. In connection with any actual or possible Conflict of Interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Directors and members of any Committees considering the proposed transaction or arrangement.

Section 3.02 Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, Interested Person shall leave the meeting of the Board or Committee, as applicable, while the determination of a Conflict of Interest is discussed and voted. The remaining Directors or Committee members shall decide if a Conflict of Interest exists.

Section 3.03 Procedures for Addressing the Conflict of Interest.

(a) An Interested Person may make a presentation at the Board or Committee, as applicable, but after the presentation, Interested Person 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 Board or Committee, as applicable, shall if appropriate appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the Board or Committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a Conflict of Interest.

(d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the Board or Committee shall determine by a majority vote of the disinterested Directors or members, as applicable, whether the transaction or arrangement is in the Organization’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Section 3.04 Violations of the Conflicts of Interest Policy.

(a) If the Board or Committee has reasonable cause to believe an individual has failed in accordance with this Policy to disclose his or her Financial Interest or other actual or possible

Conflicts of Interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.

(b) If the Board or Committee, after hearing the individual's response and after making such further investigation as is warranted by the circumstances, determines the member has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

Article IV Records of Proceedings

Section 4.01 Minutes. The minutes of the Board and each Committee with respect to any meeting at which is discussed an actual or possible Conflict of Interest shall contain:

(a) The names of the persons who disclosed or otherwise were 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, and the Board or Committee's decision as to whether a Conflict of Interest in fact existed.

(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

Section 5.01 Prohibited Participation.

(a) A voting Director who receives Compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that Director's Compensation.

(b) A voting member of any Committee whose jurisdiction includes Compensation matters and who receives Compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's Compensation.

(c) Nothing in this Policy shall be construed to preclude any individual, including voting Directors or members of Committees whose jurisdiction includes Compensation matters and who receive Compensation, directly or indirectly, from the Organization, either individually or collectively, from providing information to any committee regarding Compensation.

Article VI
Annual Statements

Section 6.01 Requirement. Each Director, principal officer and Committee member shall annually sign a statement that affirms such person:

- (a) Has received a copy of this Policy,
- (b) Has read and understands this Policy,
- (c) Has agreed to comply with this Policy, and
- (d) Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 6.02 Form. The form of annual statement is attached to this Policy.

Article VII
Periodic Reviews

Section 7.01 Annual Review. To ensure the Organization operates in a manner consistent with tax-exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, annual reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether Compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) 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 tax-exempt purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 7.02 Use of Outside Experts. When conducting the periodic reviews as provided for in this Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

FORM OF
ANNUAL STATEMENT

I, _____, a/the duly elected or appointed
_____ of XYZ Organization (the "Organization"), do hereby certify as
follows:

1. I have received a copy of the Conflict of Interest policy of the Organization (the "Policy").
2. I have read and understand the Policy.
3. I have agreed to comply with the Policy.
4. I understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

IN WITNESS WHEREOF, I have executed this Annual Statement this ____ day of
_____, 20____.

Name:
Title:

FORM OF
ANNUAL REQUEST FOR DISCLOSURE

I, _____, a/the duly elected or appointed _____
of XYZ Organization (the "Organization"), do hereby certify as follows:

To the best of my knowledge and belief, except as disclosed herewith, neither I nor any person with whom I have or had a personal or business relationship is engaged in any transaction or activity or has any relationship that present a potential competing or conflicting interest, as defined in the statement policy.

Further, to the best of my knowledge and belief, except as disclosed herewith, neither I nor any person with whom I have or had a personal, business, or compensated professional relationship intends to engage in any transaction, to acquire any interest in any organization or entity, or to become the recipient of any substantial gifts or favors that might be covered by the statement of policy regarding conflict of interest.

(please mark one)

- Without exception
- Except as described below (attach a report if additional space is required)

IN WITNESS WHEREOF, I have executed this Annual Statement this ____ day of _____, 20____.

Name:
Title: