

**KAUAI NORTH SHORE LIONS FOUNDATION
CONFLICT OF INTEREST POLICY**

SECTION 1. PURPOSE

The Kauai North Shore Lions Foundation is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the Kauai North Shore Lions Foundation as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between the Kauai North Shore Lions Foundation and its board, officers, members and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The board, officers, and members have the responsibility of administering the affairs of the Kauai North Shore Lions Foundation honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Kauai North Shore Lions Foundation. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Kauai North Shore Lions Foundation or knowledge gained there from for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

SECTION 2. PERSONS CONCERNED

This statement is directed not only to directors and officers, but to all members who can influence the actions of the Kauai North Shore Lions Foundation. For example, this would include all who make purchasing decisions, all persons who might be described as "project chairs," and anyone who has proprietary information concerning the Kauai North Shore Lions Foundation.

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE

Conflicts of interest may arise in the relations of directors, officers, and members with any of the following third parties:

1. Persons and firms supplying goods and services to the Kauai North Shore Lions Foundation.
2. Persons and firms from whom the Kauai North Shore Lions Foundation leases storage and/or equipment.
3. Persons and firms with whom the Kauai North Shore Lions Foundation may be planning to deal in connection with donations or services.
4. Competing or affinity organizations.
5. Donors and others supporting the Kauai North Shore Lions Foundation.
6. Agencies, organizations and associations which affect the operations of the Kauai North Shore Lions Foundation.
7. Family members, friends, and other members.

SECTION 4. NATURE OF CONFLICTING INTEREST

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with the Kauai North Shore Lions Foundation.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the Kauai North Shore Lions Foundation.

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3. Receiving remuneration for services with respect to individual transactions involving the Kauai North Shore Lions Foundation.
4. Using the Foundation's time, members, equipment, supplies, or good will for other than Foundation - approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with the Foundation. Receipt of any gift is disapproved, except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, and members will recognize such areas and relation by analogy. The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of Foundation.

However, it is the policy of the board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, officers, and members to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

SECTION 6. DISCLOSURE POLICY AND PROCEDURE

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The board (or a duly constituted committee thereof) has determined that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the President of the Board (or if she or he is the one with the conflict, then to the Board Vice President), who shall bring the matter to the attention of the board (or a duly constituted committee thereof). Disclosure involving directors should be made to the board President, (or if she or he is the one with the conflict, then to the board Vice President) who shall bring these matters to the board (or a duly constituted committee thereof).

The board (or a duly constituted committee thereof) shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to Foundation. The decision of the (board or a duly constituted committee thereof) on these matters will rest in their sole discretion, and their concern must be the welfare of Foundation and the advancement of its purpose.