

Conflict of Interest Policy

America's Defenders Foundation

Article I – Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of America's Defenders Foundation (the "Foundation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, trustee, key employee, or any other person in a position of authority within the Foundation. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

This policy is designed to meet the requirements of Section 501(c)(3) of the Internal Revenue Code and the Internal Revenue Service (IRS) recommended best practices for tax-exempt organizations.

Article II – Definitions

1. Interested Person

Any director, principal officer, member of a committee with governing board-delegated powers, or key employee who has a direct or indirect financial interest, as defined below.

2. Financial Interest

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

- An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
- A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
- 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 not insubstantial.

3. Family Member

A spouse, domestic partner, ancestor, sibling, child, grandchild, great-grandchild, and the spouses of siblings, children, grandchildren, and great-grandchildren.

4. Conflict of Interest

A conflict of interest exists when the interests of the Foundation may be compromised by an Interested Person's personal, financial, or other interests.

Article III – 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 committees with governing board-delegated powers considering the proposed transaction or arrangement.

Article IV – Procedures for Addressing the Conflict of Interest

1. After disclosure of the financial interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon.
2. The remaining board or committee members shall decide if a conflict of interest exists.
3. If a conflict of interest is determined to exist, the governing board or committee shall follow these procedures:
 - A disinterested person may be appointed to investigate alternatives to the proposed transaction or arrangement.
 - After exercising due diligence, the governing board or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
 - If a more advantageous transaction or arrangement is not reasonably possible, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable.

4. In conformity with the above determination, the governing board or committee shall make its decision as to whether to enter into the transaction or arrangement.
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Article V – Violations of the Conflict of Interest Policy

1. If the governing board or committee has reasonable cause to believe an Interested Person has failed to disclose an actual or possible conflict of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
 2. If, after hearing the Interested Person's response and making further investigation as warranted, the governing board or committee determines that the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
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Article VI – Records of Proceedings

The minutes of the governing board and all committees with board-delegated powers shall contain: - 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; - The governing board's or committee's decision as to whether a conflict of interest existed; - 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 VII – Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.
2. No voting member of the governing board whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VIII – Annual Statements

Each director, principal officer, and key employee shall annually sign a statement which affirms that such person: - Has received a copy of the Conflict of Interest Policy; - Has read and understands the policy; - Has agreed to comply with the policy; and - Understands that the Foundation is charitable and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article IX – Periodic Reviews

To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: - Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; - Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or excess benefit transactions.

Article X – Use of Outside Experts

When conducting the periodic reviews as provided for in Article IX, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring that periodic reviews are conducted.

Certification

This Conflict of Interest Policy was adopted by the Board of Directors of America's Defenders Foundation on _____.

Board Chair / Authorized Officer

Date