

CARSON KING FOUNDATION CONFLICT OF INTEREST POLICY

Article I Purpose

The purpose of the conflict of interest policy is to protect the Carson King Foundation (“the Foundation”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director or member of a committee with board-delegated powers of the Foundation, or conflict with such a person’s fiduciary responsibility to any other organization, or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has either (a) a direct or indirect financial interest, as defined below, or (b) a fiduciary responsibility to another organization, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family (which are spouses, children and step children, and other relatives):

- a. an ownership or investment in any entity with which the Foundation has a transaction or arrangement (including but not limited to grants); or
- b. a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement (including but not limited to grants); 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 (including but not limited to grants); or
- d. other than an arm’s-length relationship with prospective or actual grantees relative to the design of specific projects, preparation of specific proposals

and review and oversight of funded projects, and Foundation related activities.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial in nature. Gift and favors include any gratuitous service, loan, discount, money or article of value, but does not include loans from financial institutional on customary terms, articles of nominal value ordinarily used for sales promotion, ordinary “business lunches” or reasonable entertainment consistent with local social or business customers.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the board or appropriate committee decides that a conflict of interest exists.

3. Fiduciary Responsibility

A person has a fiduciary responsibility towards an organization or individual if he or she:

- a. occupies a portion of special confidence towards such organization or individual;
- b. holds in trust property in which another person has the beneficial title or interest, or who receives and controls the income of another; or
- c. has a duty of loyalty or duty of care to an organization (by virtue of serving as an officer or director of any organization or other position with similar responsibilities). A duty of loyalty requires the person to refrain from dealing with the organization on behalf of a party having an interest adverse to the organization and refrain from competing with the organization. A duty of care requires the person to discharge his or her duties in good faith and in a manner he or she reasonably believes to be in the best interest of the organization.

A fiduciary responsibility is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a fiduciary responsibility may have a conflict of interest only if the board or appropriate committee decides that conflict of interest exists.

Article III **Procedures**

1. 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.

2. 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, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a factual presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. An interested person shall not actively participate in the discussion of, or vote on, the transaction or arrangement that results in the conflict of interest, either formally at a board or committee meeting or informally through contact with individual board or committee members. In addition, the interested person should not be counted in determining whether a quorum is present for the board or committee meeting at which the transaction or arrangement that results in the conflict on interest is to be voted upon.
- b. The President or committee 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 Foundation can obtain more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote (or other voting requirement, as provided in the Bylaws of the Foundation) of

the disinterested directors whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether the transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy

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

Article IV Records of Proceedings

The minutes of the board and all committees with board-delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest or a fiduciary responsibility in connection with an actual or possible conflict of interest, the nature of the financial interest or fiduciary responsibility, any action taken to determine whether a conflict of interest was present, and the board's 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 names of the persons who rescued themselves from such discussion and votes, 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

A voting member of any committee with board-delegated powers whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

Article VI
Annual Statements

Each director, principal officer, and member of a committee with board-delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the 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 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, and
- e. Does not have any financial interests or fiduciary responsibilities, other than the interests or fiduciary responsibilities disclosed.

Article VII
Periodic Reviews

To ensure the Foundation operates in a manner consistent with charitable purposes and 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 any grants are made to disqualified persons, or otherwise result in an excess benefit transaction.
- c. Whether arrangements with other organizations conform to the Foundation's applicable written policies, are properly recorded, reflect reasonable payments for goods and services, if any, further the

Foundation' charitable purposes and do not result in inurement, or impermissible private benefit.

Article VIII
Use of Outside Experts

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

CARSON KING FOUNDATION

Annual Statement Acknowledging Conflict of Interest Policy

I have received a copy of the Conflict of Interest Policy for the Carson King Foundation. I have read it, understand it, and agree to comply with the policy. I understand that the Carson King Foundation 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.

Signed: _____

Date: _____