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Conflict of Interest Policy Grand Rapids Jaycees Foundation 5/22/2008

ARTICLE I- PURPOSE

It is the intent of the Grand Rapids Jaycees Foundation (the "Foundation") that each Trustee or other member of the Foundation (collectively referred to as "Trustee") understands and respects his or her individual duty to place the best interests of the Foundation first in all dealings, and that he or she shall take no action that conflicts, or could be reasonably perceived to conflict, with the best interests of the Foundation. It is the responsibility of the Trustees to govern the Foundation's affairs and operate the Foundation honestly and economically, exercising their best care, skill and judgment for the benefit of the Foundation.

The purpose of this Conflict of Interest Policy is to protect the tax-exempt and charitable status of the Foundation. It is intended to supplement and not replace any applicable state and/or federal laws or regulations governing conflicts of interest that may be applicable to nonprofit and charitable foundations. In order to effectuate these intentions, the Foundation has instituted the policy outlined below.

ARTICLE II- POLICY

Each Trustee of the Foundation shall refrain from using his or her position with the Foundation, or confidential information obtained by him or her relating to the Foundation, to achieve a financial benefit for himself or herself or for any third party, including another nonprofit or charitable organization. Such action gives rise to a conflict of interest, which is expressly prohibited. In general, a conflict of interest may be defined as any investment, interest, activity, association or service that interferes or might interfere with the independent exercise of the Trustee's judgment in the best interest of the Foundation.

In support of this Policy, each Trustee must abide by the following Duties:

- **Duty of Care.** Each Trustee must be familiar with the Foundation's finances and operations, to allow the Trustee to adequately participate in the Foundation's governance. In carrying out this duty, the Trustee must act in good faith, using the degree of diligence, care and skill which prudent people would use in similar positions and under similar circumstances.
- **Duty of Loyalty.** Each Trustee must keep the interests of the Foundation paramount to all other interests when making decisions on behalf of the Foundation. No Trustee shall engage in any transaction or arrangement involving the Foundation that confers secret profits or unfair gains to the Trustee or others.
- **Duty of Obedience.** Each Trustee must strive to ensure that the Foundation remains compliant with its charitable and exempt purposes.
- **Duty to Disclose.** Each Trustee must disclose any actual, potential or perceived conflict of interest to the Foundation promptly, completely and honestly.

ARTICLE III- CONFLICT OF INTEREST

A conflict of interest, or the appearance of a conflict, may arise under a variety of circumstances. It is not practical to describe every situation that might be considered to be in conflict with the legitimate best interests of the Foundation. However, for the guidance of persons affected, the following examples may constitute a conflict of interest, whether directly or indirectly, and whether personally, or through a business, investment or family member:

1. Having an ownership or investment interest in any entity with which the Foundation has a transaction, arrangement or investment.
2. Having a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction, arrangement or investment.
3. Having 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.
4. Having a financial interest in or so closely linked to a transaction entered into by the Foundation that such interest would reasonably be expected to exert and influence the Trustee's judgment if the Trustee was called to vote on the transaction.
5. Knowingly competing with the Foundation in any way. Illustrations would be competing in obtaining contracts for a competing company or the acquisition or disposition of property for personal gain.
6. Participating in any negotiations or dealings on behalf of the Foundation with any firm in which such Trustee directly or indirectly has an interest through stockholdings or otherwise, except a normal investment not significant in amount and where the transaction between the Foundation and such firm would not tend to affect the value of such interest or stockholding. The same principle shall apply to negotiations or dealings with any person.
7. Seizing corporate opportunities for personal gain.
8. Receiving a kickback, bribe, substantial gift, or other special consideration resulting from transactions or business dealings involving the Foundation.

In this context, compensation includes direct and indirect remuneration and gifts or favors, which are substantial in nature. Furthermore, in any case where it is wrong for an individual to do any of the above-mentioned things, it is equally wrong for a member of the individual's immediate family to do so.

ARTICLE IV- PROCEDURE FOR ADDRESSING CONFLICTS OF INTEREST

1. **Disclosure.** A Trustee or other Foundation member must disclose the existence of an actual, potential or perceived conflict of interest that they, their relatives or their associates may have, and shall be given the opportunity to disclose all material facts to the Foundation members considering the proposed transaction or arrangement.
2. **Determination of Conflict.** After disclosure of the conflict of interest and all material facts, and after any discussion with the Trustee or Foundation member, the remaining Foundation Board or committee members shall decide if a conflict of interest exists. The individual disclosing the conflict of interest shall not be present while the determination of a conflict of interest is discussed and voted upon.
3. **Committee.** The Foundation President or other Foundation Board member, if appropriate, may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

4. **Determination of Alternatives.** After exercising due diligence, a disinterested person or committee shall determine whether the Foundation 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.
5. **Vote.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Foundation Board or committee shall determine by a majority vote of the disinterested Trustees or members whether the transaction or arrangement is in the Foundation'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.
6. **Records.** The minutes of the Foundation Board and all committees with delegated powers 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 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- VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

If the Foundation has reasonable cause to believe a Trustee has failed to disclose an actual, potential or perceived conflict of interest, it shall inform the Trustee of the basis for such belief and afford the Trustee an opportunity to explain the alleged failure to disclose.

If, after hearing the Trustee's response and after making further investigation as warranted by the circumstances, the Foundation determines the Trustee has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

The violation of this Conflict of Interest Policy is a serious matter and may constitute "cause" for removal or termination of a Trustee or other member of the Foundation, or the termination of any contractual relationship the Foundation may have with an interested person or other party.

ARTICLE VI- COMPENSATION

Any voting member of the Foundation or any committee of the Foundation who receives compensation, directly or indirectly, from the Foundation is precluded from voting on matters pertaining to that member's compensation and is prohibited from providing information to any committee regarding compensation.

ARTICLE VII- PERIODIC REVIEWS

To ensure the Foundation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews of its operations shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent information (including surveys, if applicable) and are the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management foundations 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 in an excess benefit transaction.

ARTICLE VIII- ANNUAL STATEMENTS

Each Trustee, or member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the Conflict of Interest Policy
2. Has read and understands the Policy
3. Has agreed to comply with the Policy, and
4. Understands that the Foundation is charitable and, in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes.



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GRAND RAPIDS JAYCEES FOUNDATION

Conflict of Interest Affirmation of Compliance

I have received and carefully read the Conflict of Interest Policy for Trustees and members with significant decision making authority of the Grand Rapids Jaycees Foundation and have considered not only the literal expression of the Policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that the Grand Rapids Jaycees Foundation is a nonprofit, tax-exempt organization and that in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal inurement (other than by salary) by Trustees or members.

I hereby state that I do not have any conflict of interest, financial or otherwise, that may be seen as competing with the interests of the Grand Rapids Jaycees Foundation, nor does any relative or associate of mine have such a potential conflict of interest. Nor shall I, any of my relatives or associates, benefit from any action, policy or transaction made by the Grand Rapids Jaycees Foundation in a manner that has not been previously disclosed.

If any situation should arise in the future that I think may involve me in a conflict of interest, I will promptly and fully disclose in writing the circumstances to the President of the Grand Rapids Jaycees Foundation.

Name (please print)

Signature

Date

Annual Review and Reaffirmation

Signature

Date

Signature

Date