

KAPHCC FOUNDATION

CONFLICTS OF INTEREST POLICY

Definitions

A conflict of interest transaction or arrangement is a transaction or arrangement with this corporation in which a director or officer has a direct or indirect interest.

1. A director or officer has a direct interest in any transaction or arrangement if the director or officer or a member of the director's or officer's family has a financial interest in the transaction or arrangement.

2. A director or officer has an indirect interest in any transaction or arrangement if the director or officer or a family member:

A. has a financial interest or potential financial interest in any entity or individual involved in the transaction or arrangement;

B. has a compensation arrangement with any entity or individual with which this corporation has a transaction or arrangement; or

C. is a director, officer, or trustee of a profit or nonprofit entity involved in the transaction or arrangement and the transaction or arrangement is of such importance that it is or should be considered by the board of that nonprofit entity.

Procedures

Any director or officer with knowledge of an actual or potential conflict of interest on the part of that director or officer or any other director or officer of this corporation shall inform the entire board of the conflict. The board shall obtain disclosure of the financial interest and all material facts. After any discussion with the interested person, the interested person shall leave the meeting while the board determines whether a conflict of interest exists. If the board determines that a conflict exists, the board shall follow these procedures to address the conflict of interest:

A. The interested person may make a presentation to the board but after the presentation shall leave the meeting during the discussion of and the vote on the transaction or arrangement involving the conflict of interest.

B. The board shall investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the board shall determine whether the transaction or arrangement is fair to the corporation. The transaction must be approved by a majority of all the members of the board who have no direct or indirect interest in the transaction. If a majority of the directors vote to approve the transaction or arrangement, a quorum is present for the purpose of taking action, except that such transaction or arrangement cannot be approved by a single director.

Records of the Proceedings

The board minutes shall contain the names of the persons who had a conflict of interest, the nature of the financial interest, a summary of the discussion to determine whether a conflict was present and the vote as to whether a conflict was present, the names of the directors and officers present for the discussion and vote related to the transaction or arrangement, a summary of the discussion, and a record of the vote taken.

ADOPTED: _____.