

Subject: Conflict of Interest

Purpose: To Establish a Policy Prohibiting Conflicts of Interest

## **SECTION 1. PURPOSE**

The purpose of this Conflict of Interest Policy is to protect the Golden Rain Foundation's ("Foundation" or "Corporation") interest when it contemplates engaging in any transaction that might benefit the private interests of one of its officers or directors or a member of a committee advising the Board. This Policy is intended to supplement but not replace any applicable California and federal laws governing conflicts of interest applicable to nonprofit corporations and is not intended as an exclusive statement of responsibilities.

## **SECTION 2. DEFINITIONS**

(a) "Interested Person" – Any director or officer of the Foundation's Board of Directors (the "Board") and any consultant or advisor or member of an advisory committee upon whom the Board relies which owes a duty to the Board or the Corporation and which has a conflicting duty or financial interest, as defined below, is an interested person.

(b) "Financial Interest" – An officer or director or other individual or entity has a financial interest if such person or entity has, directly or indirectly, through business, investment or family:

- (1) An ownership or investment interest in any entity with which the Corporation has a business relationship;
- (2) A Compensation arrangement with the Corporation or with any entity or individual with which the Corporation transacts business; or
- (3) A potential ownership or investment opportunity or interest in, or potential Compensation arrangement with the Corporation or an entity or individual with which the Corporation has or is contemplating a business relationship.

(c) "Compensation" includes direct and indirect remuneration as well as gifts or favors that are material (i.e. greater than \$200), including compensation, remuneration, gifts, favors and interests of the spouse, domestic partner and children, grandchildren parents or siblings, whether by blood or marriage or otherwise by law, of an Interested Person.

(d) “Conflicting Duty” means a legal, contractual or other pre-existing duty or obligation which is or may become contradictory to, or inconsistent with, the goals, purposes or objectives of the Corporation such that a person or entity may not perform the duties of one obligation without breaching the duties of the other.

(e) “Conflict of Interest” arises when the obligations of one duty (whether or not pecuniary in nature) or any Financial Interest might lead an individual or entity to disregard any duty or obligation owed to the Corporation or its Directors or Officers. An actual or potential Conflict of Interest may be waived or deemed not to exist by the Board, subject to full and accurate disclosure pursuant to this Policy.

### **SECTION 3. PROCEDURES**

(a) Duty to Disclose. In connection with any actual or possible Conflict of Interest, an Interested Person must disclose the existence of all Financial Interests or Conflicting Duties and all other material facts, to the Corporation, in a manner sufficient to enable the Corporation to fully evaluate the potential Conflict of Interest and make a fully informed determination of how to proceed.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest or Conflicting Duties and all material facts, the Board shall make a determination outside of the presence of such Interested Person. If the Interested Person is a member of the Board, the remaining Directors shall decide if a Conflict of Interest exists without regard to any rules relating to establishment of a quorum.

(c) Addressing the Conflict. In the event that the Board determines that an actual or potential Conflict of Interest exists, the Board may take any appropriate action, including but not limited to the following:

- (1) Exclusion of the Interested Person from all discussions of, and/or votes concerning the subject matter of the actual or potential Conflict of Interest.
- (2) The remaining members of the Board may appoint a disinterested person or Committee to review the business arrangement and/or investigate and propose alternatives to the recommendations of the Interested Person.
- (3) After exercising due diligence, the remaining members of the Board may determine whether the Foundation can obtain a more advantageous benefit than the one subject to the actual or potential Conflict of Interest.
- (4) Upon full and complete disclosure to the Board of all material facts surrounding an actual or potential Conflict of Interest, the Board may overlook or waive any actual or potential Conflict of Interest where adequate safeguards exist or the impact is deemed immaterial or can be negated by the unaffected members of the Board.

- (d) Violations of the Conflict of Interest Policy.
- (1) Failure of any Interested Person to make full and timely disclosure of any actual or potential Conflict of Interest or Conflicting Duty and all relevant facts relating thereto without good cause shall constitute a violation of this Policy.
  - (2) Failure without good cause by any member of the Board, Officer of the Corporation or any other party owing a duty to the Corporation, to disclose that such party has reason to believe an Interested Person failed to disclose an actual or potential Conflict of Interest shall itself constitute a violation of this Policy.
  - (3) The actual or potential existence of a Conflict of Interest shall not constitute a violation of this Policy provided full disclosure is made.
  - (4) Violation of this Policy shall subject the violator to any appropriate disciplinary or legal action within the rights of the Corporation.

#### **SECTION 4. RECORDS AND PROCEEDINGS**

The minutes of any Board meeting addressing an actual or potential Conflict of Interest and any meeting wherein an Interested Person is a participant in any manner in discussion, providing advice or voting on a matter that is the subject of an actual or potential Conflict of Interest shall contain:

- (a) The names of the Interested Persons or others who disclose or are otherwise found to have an actual or potential Conflict of Interest;
- (b) The nature of Financial Interest or other duty owed;
- (c) Any action taken to determine whether a Conflict of Interest does or did exist;
- (d) The Board's decision as to whether a Conflict of Interest existed including any waiver thereof;
- (e) The names of persons present for discussions and those voting on any matter in question which is the subject of the actual or potential Conflict of Interest;
- (f) The nature of the discussion, including any alternatives; and
- (g) A detailed record of any votes taken in connection with the proceedings.

**SECTION 5. ANNUAL STATEMENTS**

(a) Except as set forth in Section 5(d) of this Policy, each board year, every Director, Officer, advisory committee member and any other consultant or advisor upon whom the Corporation relies shall receive a copy of this policy and sign certifying that such person has received, read, understands, and agrees to comply with its terms.

(b) Each board year, every Director Officer, advisory committee member and any other consultant or advisor upon whom the Corporation relies shall receive and be required to complete the attached Disclosure Form to provide information that will help the Corporation identify and avoid Conflicts of Interest.

(c) It shall be the responsibility of each Director, Officer advisory committee member and other consultant or advisor upon whom the Corporation relies to supplement his or her Disclosure Form whenever necessary to report new potential conflicts. Actual, perceived or potential conflicts identified on the Disclosure Form will be resolved consistent with this Policy.

(d) An exception to the requirements of this Section 5(a) through (c) may be made for any third party consultant or advisor engaged in a professional capacity who is otherwise subject to specific legal duties to avoid or disclose such conflicts, and/or who substantively complies with the requirements of this Policy through other independent means.

**By signing below, I certify that I have read, understand and agree to abide by the foregoing Policy and that I will disclose to the Golden Rain Foundation any actual or potential Conflict of Interest that may arise during the course of all dealings with the Foundation and that except as provided for in this Policy, I will abstain from any advise, discussion or vote on a matter where an actual or potential Conflict of Interest may exist.**

\_\_\_\_\_  
Typed Name:

\_\_\_\_\_  
Date

**CONFLICT OF INTEREST POLICY  
DISCLOSURE FORM AND QUESTIONNAIRE**

**For purposes of this Form:**

**You are “affiliated with” an entity if you and/or your spouse, domestic partner or children, grandchildren, parents or siblings, whether by blood or marriage or otherwise by law, is/are an owner, partner, officer, director, contractor or employee thereof.**

**You have a “material financial interest” in an entity if you or your spouse, domestic partner or children, grandchildren, parents or siblings, whether by blood or marriage or otherwise by law own(s) 5% or more of such entity.**

1. To the best of your knowledge, are you, or are you affiliated with or do you have any material financial interest in any entity which:

		NO	YES
a.	the Foundation does business with or is, to the best of your knowledge, contemplating a business relationship? (This includes any business that may sell goods or services to the Foundation including legal, financial and insurance services, computer hardware or software companies, construction or other contractors, etc.)		
b.	leases or sells property to or from the Foundation?		
c.	is a competitor or a potential competitor of the Foundation, (for example. a property management firm)?		
d.	is an actual or claimed creditor of the Foundation?		
e.	is obligated to pay a material sum of money or to make restitution or remediate any damages owed to the Foundation?		
f.	is engaged in or contemplating any legal action against the Foundation or any of its Directors, Officers, employees, agents, or resident advisory committee members or in the subject matter of any such litigation?		
g.	is or may become a defendant in any legal action which the Foundation is pursuing or considering?		

	NO	YES
2. Are you subject to any legal, contractual or other duty or obligation which is or may become inconsistent with your duties to the Foundation or which you believe may limit your ability to act solely and exclusively in the best interests of the Foundation?		
3. Is there any other actual or potential conflict of interest that you may be aware of that has not otherwise been identified above.		

**If you answered yes to any of the preceding questions, please explain in the space below by identifying the entity and describing the nature of your affiliation or interest therein. Please reference the applicable question number in your response. You may attach additional pages if necessary.**

**By signing below, I certify that the foregoing is true and correct to the best of my knowledge. I further certify that I will disclose to the Golden Rain Foundation any actual, potential or perceived Conflict of Interest that may arise pursuant to my relationship/dealings with the Foundation during the twelve (12) months following the date set forth below, and that I will not participate in any advise, discussion or vote on a matter where an actual or potential Conflict of Interest may exist without first having made full disclosure.**

\_\_\_\_\_  
 Typed/Printed Name:  
 Company Name:  
 Authority: Policy

\_\_\_\_\_  
 Date

Policy 201.2

6/27/96  
4/26/07 Rev.  
1/31/08 Rev.  
3/25/10 Rev.  
2/23/12 Rev.

Related Policy(s):  
201.5