


## Nonprofit Conflict of Interest Policy

 <p><i>Housing for all of the People</i></p> <p><b>Kimmel Housing Development Foundation, Inc.</b></p>	<b>Policy and Procedure Manual</b>
	<b>Administration</b>
	Effective Date: <b>January 1, 2009</b>
	Total Number of Pages: <b>4</b>

### Purpose

This document describes the Foundation's policies regarding conflicts of interest in Foundation business transactions and conduct.

### Article I Purpose

The purpose of the conflict of interest policy is to protect the interests of the Kimmel Housing Development Foundation, Inc. (the "Foundation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### Article II Definitions

#### 1. Interested Person

Any Foundation director, officer or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, 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:

- a. An ownership or investment interest in any entity with which the Foundation, has a transaction or arrangement,
- b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, 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.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a 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 to 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 (if disclosure occurs at a meeting) 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 at said meeting or in such manner and at such time as they shall otherwise determine to be necessary and appropriate under the circumstances.

#### **3. Procedures for Addressing the Conflict of Interest**

a. An interested person may make a presentation to the governing board or committee at a meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote, if any, on, the transaction or arrangement involving the possible conflict of interest. An interested person may also make a submission regarding conflict of interest in writing to the Board or to the Chair of the Audit Committee without the convening of a meeting.

b. The chairperson of the governing board 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 governing board 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.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, 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. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

e. The Board or Committee may obtain advice of counsel with regard to procedures and be guided accordingly.

#### 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 member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

c. The Board or Committee may obtain advice of counsel with regard to discipline and corrective actions and be guided accordingly.

#### **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 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 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 general 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.

c. The Board or Committee may obtain advice of counsel with regard to records of proceedings and be guided accordingly.

#### **Article V Compensation**

A member of the Board or any committee of the Board who receives compensation, directly or indirectly, from the Foundation for services on the Board or the Committee, or otherwise, is precluded from voting on matters pertaining to that member's own compensation.

#### **Article VI Annual Statements**

Each director and principal officer 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, and
- d. Understands 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.

#### **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 tax-exempt status, periodic reviews shall be conducted.

#### **Article VIII Use of Outside Experts**

Generally, the Audit Committee shall be charged with conducting the periodic review of compliance with this policy. The Foundation or Committee may, but need not, use outside advisors to assist with such a review.

#### **Revision History Information:**

This document was reviewed and approved by the Kimmel Housing Development Foundation, Inc.'s Board of Directors and is effective as of January 1, 2009.