

Highpointers Foundation Conflict of Interest Policy

Purpose

The purpose of this Conflict of Interest and Compensation Policy (the “policy”) is to protect the Highpointers Foundation’s interests when it is considering taking an action or entering into a transaction that might benefit the private interests of a Director, officer, or key person ¹, result in the payment to a Director or key person, or violate state or federal laws governing conflicts of interest applicable to nonprofit, charitable organizations.

Why is a Policy Necessary?

As a nonprofit, charitable organization, the Highpointers Foundation (“Foundation”) is accountable to both government agencies and members of the public for responsible and proper use of its resources. Directors have a fiduciary duty to act in the Foundation’s best interest and may not use their position for their own financial or personal benefit. Other volunteers, including Associate Directors, also have an obligation to act in the Foundation’s interest.

Conflicts of interest must be taken very seriously since they can damage the Foundation’s reputation and expose both the Foundation and affiliated individuals to legal liability if not handled appropriately. Even the appearance of a conflict of interest should be avoided, as it could undermine public support for the Foundation.

This policy applies to all Directors, officers, and key persons.

Identifying Conflicts of Interest

A potential conflict of interest arises when a Director, officer, or key person, or that person’s relative² or business (a) stands to gain a financial benefit from an action the Foundation takes or a transaction into which the Foundation enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the Director, officer, or key person in discharging their duties to the Foundation.

Examples of Potential Conflicts of Interest

It is impossible to list all the possible circumstances that could present conflicts of interest. Potential conflicts of interest include any situation in which a Director, officer, or key person or that person’s relative or business:

- has an ownership or investment interest in any third party with which the Foundation has or is considering a business relationship;
- serves on the Board of, participates in the management of, or is otherwise employed by or volunteers with any third party that the Foundation has or is considering with a business relationship.

¹ **Key person** means a person, other than a Director or officer who:

a) has responsibilities, or exercises powers or influence over the Foundation as a whole similar to the responsibilities, powers, or influence of Directors and officers;

- b) manages the Foundation, or a segment of the Foundation that represents a substantial portion of the activities, assets, income, or expenses of the Foundation; or
- c) alone or with others controls or determines a substantial portion of the Foundation's capital expenditures or operational budget.

² **Relative** means a person's spouse or domestic partner, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and great-grandchildren.

- receives or may receive compensation or other benefits in connection with a transaction into which the Foundation enters;
- serves on the Board of Directors of another nonprofit organization that is competing with the Foundation for a grant or contract;
- has a close personal or business relationship with a participant in a transaction being considered by the Foundation;
- would like to pursue a transaction being considered by the Foundation for their personal benefit.

In situations where there is any uncertainty, the Director, officer, or key person must err on the side of caution and disclose the potential conflict as set forth in this policy.

A potential conflict is not necessarily a conflict of interest.

A person has a conflict of interest only if the Audit Committee decides a conflict of interest exists.

Disclosing Potential Conflicts of Interest

Persons covered by this policy must disclose to the best of their knowledge all potential conflicts of interest as soon as they become aware of them and always before any actions involving the potential conflict are taken. Disclosure should be made by submission of a signed written statement disclosing all the material facts to the Audit Committee which shall consist of the following directors: Compliance, Financial, Lead, and one other Member at Large.

Determining Whether a Conflict of Interest Exists

Following disclosure of a potential conflict and after gathering any relevant information, the Audit Committee shall determine whether there is a conflict of interest. The Director, officer, or key person shall not be present for deliberation or vote on the matter and must not attempt to influence improperly the determination of whether a conflict of interest exists.

In determining whether a conflict of interest exists, the Audit Committee shall consider whether the potential conflict of interest would cause a transaction entered into by the Foundation to raise questions of bias, inappropriate use of the Foundation's assets, or any other impropriety.

A conflict always exists in the case of a related party transaction—a transaction, agreement or other arrangement in which a related party³ has a financial interest and in which the Foundation or any affiliate of the Foundation is a participant.⁴

If the Audit Committee determines that there is a conflict of interest, it shall refer the matter to the Board of Directors ("Board").

³ A **related party** is:

1. a Director, officer, or key person of the Foundation or any affiliate of the Foundation, or
2. a relative of any individual described in (1)

⁴ A **transaction** is not a related party transaction if:

1. the transaction, or the related party's financial interest in the transaction, is *de minimis*;
2. the transaction would not customarily be reviewed by the Board or the Boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms;
3. the transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that the Foundation intends to benefit as part of the accomplishment of its mission (and that benefit is available to all similarly situated members of the same class on the same terms).

Procedures for Addressing a Conflict of Interest

When a matter involving a conflict of interest comes before the Board, the Board may seek information from the Director, officer, or key person with the conflict prior to beginning deliberation and reaching a decision on the matter. However, a conflicted person shall not be present during the discussion or vote on the matter and must not attempt to influence improperly the deliberation or vote.

Additional Procedures for Addressing Related Party Transactions

The Foundation may not enter into a related party transaction unless, after good faith disclosure of the material facts by the Director, officer, or key person, the Board or a committee authorized by the Board determines that the transaction is fair, reasonable, and in the Foundation's best interest at the time of such determination.

If the related party has a substantial financial interest, the Board or authorized committee shall:

- prior to entering into the transaction, consider alternative transactions to the extent available;
- approve the transaction by a vote of not less than a majority of the Directors present at the meeting; and
- contemporaneously document in writing the basis for its approval, including its consideration of any alternative transactions.

Minutes and Documentation

The minutes of any Board meeting at which a matter involving a conflict of interest or potential conflict of interest was discussed or voted upon shall include:

- the name of the interested party and the nature of the interest;
- the decision as to whether the interest presented a conflict of interest;
- any alternatives to a proposed contract or transaction considered by the Board; and
- if the transaction was approved, the basis for the approval.

Prohibited Acts

The Foundation shall not make a loan to any Director or officer.

No Director may write a check to themselves or otherwise transfer Foundation money to themselves.

No Foundation Director may contemporaneously be a Director of the Highpointers Club.

No Spouse of a Foundation Director may contemporaneously be a Director of the Foundation.

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