

<b>Title: CONFLICT OF INTEREST POLICY (STAFF)</b> <b>Category: Administrative &amp; Operations</b>	<b>Policy #: 1.7</b>  <b>Version #: 1</b>  <b>Effective Date: May 13, 2009</b>
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**Purpose** The purpose of this policy is to protect Community First Foundation’s (the “Foundation”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of any Foundation staff member or core volunteer not already covered by the existing Conflict of Interest Policy presented as Exhibit A of the Foundation’s bylaws. Another purpose of this policy is to assure that all Foundation staff members and core volunteers not covered by the existing Conflict of Interest Policy presented as Exhibit A of the Foundation’s bylaws and who, by virtue of their position, can influence decisions affecting the ethical, financial and competitive position of the Foundation, perform their duties in an impartial manner free from any bias caused by their own interests, financial or otherwise. Additionally, the purpose of this policy is to clarify the duties and obligations of such individuals in the context of potential conflicts of interest in making grants or selecting vendors and, further, to provide such individuals with a method for disclosing and resolving potential conflicts of interests. The policy is intended to supplement but not replace the existing Conflict of Interest Policy presented as Exhibit A of the Foundation’s bylaws and any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

**Statement** The Foundation is a nonprofit corporation organized pursuant to the laws of the State of Colorado. It is the policy of this Foundation that members of the staff and core volunteers undertake their respective responsibilities with an unbending duty of loyalty and fidelity consistent with a fiduciary relationship to this Foundation and the communities served by it. This means that these individuals will administer the affairs of this Foundation honestly and economically, exercising their best care, skill and judgment for the benefit of the Foundation.

Such individuals have an obligation to make full disclosure of interests which might result in or have the appearance of a conflict in satisfying his or her obligations to this Foundation. In that regard, it is the policy of this Foundation to refrain from deliberating on and/or consummating any transaction involving a potential conflict of interest or the appearance of a potential conflict of interest until all relevant and pertinent facts regarding the transaction and the potential conflict or apparent conflict have been disclosed and any potential conflict or apparent conflict considered, avoided and/or resolved.

- Definitions**
1. Conflict of Interest: For the purpose of this policy, a “conflict of interest” is present whenever an interested person has a financial interest in a proposed grant, contract or transaction to which the Foundation may be a party.
  2. Interested Person: Any staff member or core volunteer who has a direct or indirect “financial interest,” as defined below, is an interested person. If a person has a financial

interest in any entity in which the Foundation is a member, shareholder, partner or otherwise has a financial interest, he or she is an interested person.

3. **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 grantee, vendor or other entity with which the Foundation has a transaction or arrangement, or
  - 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 or contemplating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are material in nature. Without limiting the foregoing, a person has a financial interest if:

(i) the actions or activities of an individual, on behalf of the Foundation, involve the obtaining of personal gain or advantage by the individual, whether directly or indirectly, or the obtaining by a third party of an improper gain or advantage from or over the Foundation, or

(ii) the individual holds, directly or indirectly, a position of economic interest in or receives any compensation from any outside concern if the individual knows or has reason to believe:

(1) the Foundation secures goods or services from such outside concern (including the services of buying or selling stocks, bonds, or other securities),

(2) the Foundation negotiates, markets, or sells goods or services to such outside concern (such as insurance companies, HMOs, PPOs, etc.),

(3) such outside concern provides goods or services competitive with the Foundation,

(4) such outside concern is a grantee or prospective grantee of the Foundation, or

(5) has other contractual relations with the Foundation.

- Procedures**
1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest relating to the proposed grant, vendor agreement, or other transaction or arrangement: (i) to the chair of the Board if it relates to a transaction or matter requiring the approval of the Board or any committee of the Board; or (ii) to the CEO of the Foundation if it relates to a matter that does not require the approval of the Board or a committee of the

Board. Without limiting the foregoing, the following examples may assist staff members and core volunteers of the Foundation in identifying activities that might cause conflicts, and, therefore, should be disclosed as provided above:

- *Outside Activities.* Rendering directive, executive, managerial or consultative services to any grantee, vendor or other outside concern that does business with or competes with the services of the Foundation, or rendering other services in competition with the Foundation.
  - *Economic or Financial Interests.* Representing the Foundation in or participating in any transaction in which the individual or a member of his or her family has a material economic or financial interest.
  - *Gifts, Gratuities, Entertainment and Honoraria.* Accepting (or allowing members of his or her immediate family to accept) gifts, excessive entertainment or other favors from any grantee, vendor or other outside concern that does or is seeking to do business with, or is a competitor of the Foundation, especially under circumstances from which it might be inferred that such action was intended to influence, or possibly would influence, the individual in the performance of his/her duties to the Foundation.
  - *Inside Information.* Disclosing or using information relating to the Foundation's business, especially for the personal profit or advantage of the individual or his/her family. Violating the confidentiality of information pertaining to the Foundation's directors, officers, members, employees or affiliates that is designated as "confidential" and submitted or disclosed by the directors, officers, members, employees or affiliates for the purposes of the Foundation's business. Disclosing information regarding the strategic plan, programs and process toward meeting goals in the plan, and the Foundation's competitive position. Disclosing personnel or financial information not otherwise available to the public, including annual budgets, revenues, expenses and equipment purchases, and information regarding the Foundation's financial condition such as debt, liquidity, return on investment and profitability. Disclosing information regarding the performance of the Foundation's directors, officers, members, or employees, including evaluations, compensation, if any, and contract and employment conditions.
2. **Determining Whether a Conflict Exists.** After disclosure of the financial interest to the chair of the Board, the chair of the Board shall report the disclosure to the Board or committee and the Board or committee shall decide, by vote, if a conflict of interest exists. The interested person may not attend or otherwise participate in the Board or committee meeting unless requested for the sole purpose of answering questions of the Board or committee.

After disclosure to the CEO of a matter that does not require Board or Board committee approval, the CEO shall determine whether a conflict exists.

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

- a. For matters requiring Board or committee approval, the chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- b. After exercising due diligence, the Board or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances. For matters not requiring Board or committee approval, the CEO shall make this determination.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under the circumstances, the CEO, Board or committee, as the case may be, shall determine whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. **Violations of the Conflicts of Interest Policy.** If the Board or committee has reasonable cause to believe that a staff member or core volunteer has failed to disclose actual or possible conflicts of interest, it shall inform the CEO who shall take appropriate investigative and disciplinary action. Failure to disclose actual or possible conflicts of interests may be grounds for termination of employment.

**Records of Proceedings**

The minutes of the Board and all committees with Board-delegated powers shall contain:

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- a. the names of persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest transaction or arrangement, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, the Board's or committee's decision as to whether a conflict of interest in fact existed; and
- 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 therewith.

With regard to matters required to be disclosed to the CEO, the CEO shall create a written report describing the disclosure, the determination made by CEO based on the disclosure and the basis for that determination.

**Annual Statements:**

Each staff member and core volunteer shall upon employment or commencement as a core volunteer and at least annually thereafter sign a copy of the attached "Statement Pertaining to Conflict of Interest." If a staff member or core volunteer becomes aware that a potential or apparent conflict may exist that is not disclosed on such a statement, it shall be the responsibility of the interested person to disclose the potential conflict to the CEO, Board and/or committee, as appropriate, as set forth above.

**STATEMENT PERTAINING TO THE  
CONFLICT OF INTEREST POLICY OF  
COMMUNITY FIRST FOUNDATION**

I have received a copy of the Conflict of Interest Policy (Staff) (Supplemental to Exhibit A of Bylaws) of COMMUNITY FIRST FOUNDATION (the "Conflicts Policy"), have read and understand the Conflicts Policy, and, in signing this statement, I hereby agree to comply not only with the Conflicts Policy's literal expression, but also with what I believe to be its intent. I understand that the Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I may have certain financial interests that may give rise to a conflict of interest or the appearance of a conflict of interest, as set forth below. The nature of those financial interests, the specific grants, vendor agreements or other transactions and arrangements with respect to which such conflict of interest or the appearance thereof may exist, and the reasons why such financial interests may give rise to a conflict of interest or the appearance thereof are as follows:

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Please write "None," if applicable. Please attach additional sheets if additional space is needed.

I also hereby certify that if any possible transaction or arrangement should be considered in the future with respect to which I may have a conflict of interest or which has the appearance of creating a conflict of interest and which has not been disclosed in this Statement, I will promptly disclose the circumstances to the Board, Board committee or CEO as provided in the Conflicts Policy, and will comply with the Conflicts Policy in all regards with respect to such transaction or arrangement. I also agree to be bound by the confidentiality provisions of the Conflicts Policy.

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Print Name

\_\_\_\_\_  
Sign Name

\_\_\_\_\_  
Position

\_\_\_\_\_  
Date