

THE LICKING COUNTY FOUNDATION

CONFLICT OF INTEREST POLICY

Article I

Purpose

The purpose of this conflict of interest policy is to protect the interest of The Licking County Foundation (“LCF”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee of LCF, might benefit a person with whom an officer, director, or employee has a fiduciary relationship, or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II

Definitions

1. Interested Person. Any director, officer, member of a committee with governing board delegated powers, or employee, who has a direct or indirect Financial Interest or a Fiduciary Relationship, as such terms are defined below, is an Interested Person.

2. Family Member. A person’s family consists of his or her ancestors, spouse, children, grandchildren, great-grandchildren, brothers, and sisters, and the spouses of children, grandchildren, great-grandchildren, brothers, and sisters.

3. Fiduciary Relationship. A person has a Fiduciary Relationship if the person has a relationship as a family member, trustee, executor, guardian, agent, employee, employer, representative (e.g., as attorney, accountant, investment manager, financial advisor), organizational manager (e.g., as a trustee, director, or officer of an exempt organization), or any similar relationship with a person or entity with whom or with which LCF has a transaction or arrangement or is negotiating a transaction or arrangement or to whom or to which LCF contemplates making a grant.

4. Financial Interest. A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family, any of the following:

a. an ownership or investment interest in any entity with which LCF has a transaction or arrangement;

b. a compensation arrangement with LCF or with any entity or individual with which LCF has a transaction or arrangement; or

c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which LCF 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 or a Fiduciary Relationship does not necessarily give rise to a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest or a Fiduciary Relationship has 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/or Fiduciary Relationship and be given the opportunity to disclose all material facts to the Board of Directors and members of committees with governing board delegated powers considering the proposed transaction, arrangement, or grant.

2. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and/or Fiduciary Relationship and all material facts, and after any discussion between the governing board or committee and the Interested Person concerning the specific Financial Interest and/or Fiduciary Relationship, the Interested Person shall 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.

3. Procedures for Addressing a Conflict of Interest with Respect to a Proposed Transaction or Arrangement.

If the governing board or committee determines that an actual conflict of interest exists with respect to a proposed transaction or arrangement, the following procedures shall be followed:

a. An Interested Person may make a presentation at the governing board or committee meeting concerning the proposed transaction or arrangement, but after the presentation and after answering any questions, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the conflict of interest.

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 LCF 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/members whether the transaction or arrangement is in LCF'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.

4. Procedures for Addressing a Conflict of Interest with Respect to a Proposed Grant.

If the governing board or committee determines that an actual conflict of interest exists with respect to a proposed grant, the Interested Person may provide information to the governing board or committee, but shall leave the meeting during the discussion of, and the vote on, the grant involving the conflict of interest and shall not otherwise participate in the grant decision-making process.

5. Violations of the Conflict of Interest Policy.

a. If the governing board or committee has reasonable cause to believe that an officer, director, committee member, or employee has failed to disclose actual or possible conflict(s) of interest, it shall inform such person of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.

b. If, after hearing the officer/director/committee member/employee's response and making any further investigation warranted by the circumstances, the governing board or committee determines that the officer/director/committee member/employee has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

Article IV Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain the following:

a. The names of the persons who disclosed or otherwise were found to have a Financial Interest or Fiduciary Relationship in connection with an actual or possible conflict of interest, the nature of the Financial Interest or Fiduciary Relationship, any action taken to determine whether an actual conflict of interest was present, and the governing 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, arrangement, or grant, a summary of the content of the discussion, including any alternatives to a proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings showing the vote of each individual.

Article V Compensation

A voting member of the governing board or of any committee whose jurisdiction includes compensation matters who receives compensation, directly or indirectly, from LCF for services is precluded from voting on matters pertaining to that member's compensation. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from LCF, either individually or collectively, is prohibited from providing information to the governing board or any committee regarding compensation.

Article VI Annual Statements

Each director, officer, member of a committee with governing board delegated powers, and employee shall annually sign a statement which affirms such person:

- a. has received a copy of the conflict of interest policy;
- b. has read and understands the policy;
- c. has agreed to comply with the policy; and
- d. understands that LCF 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.

Each director, officer, member of a committee with governing board delegated powers, and employee shall also annually provide a list of (i) all business entities in which such director, officer, committee member, or employee, alone or collectively with members of his or her family, owns a 35% or greater controlling interest, (ii) the employers of the director, officer, committee member or employee and his/her spouse, and (iii) all organizations for which such

director, officer, committee member, or employee is an officer, member of the governing body, or substantial contributor.

Article VII
Periodic Reviews


To ensure that LCF operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews should, at a minimum, include the following subjects:

- a. whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and
- b. whether partnerships, joint ventures, and arrangements with management organizations conform to LCF's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit or in an excess benefit transactions.

Article VIII
Confidentiality

Each director, officer, member of a committee with governing board delegated powers, and employee shall hold in strict confidence any and all sensitive and confidential information obtained by him/her with respect to the operation of LCF and its affairs, unless such information has been lawfully released to the public or unless the governing body determines that such information should or may be released to third parties or to the public.

Adopted at a meeting of the Governing Committee of The Licking County Foundation on May 8, 2008.



Chairman

Dorell J. Irwin

Secretary