

# **Foundation for an Independent Tomorrow (FIT)**

## **Conflict of Interest Policy**

### **Purpose**

Members of the Board of Directors of Foundation for an Independent Tomorrow, a Nevada non-stock, non-profit corporation (FIT), must take care to avoid any conflict of interest or the appearance of any conflict of interest in dealing with the program and operation of the FIT.

The purpose of this Conflict of Interest Policy is to protect FIT's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or member of the FIT Board of Directors (Director) 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 non-profit and charitable organizations.

### **Procedures**

#### **1. Duty to Disclose**

It is mandatory that if, and when, it comes to the attention of a Director that a conflict or potential conflict may exist, the nature and identity of that conflict must be immediately disclosed in detail. Such disclosure must be done openly, preferably in writing, and communicated to the Chairman of the Board, Treasurer, Secretary and First Vice President together with any other applicable person.

#### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the possible conflict of interest, the interested person will be given the opportunity to disclose all material facts to the members of the Board of Directors. After any discussion with the interested person, he/she shall leave the Board of Directors' meeting while the determination of whether a conflict of interest exists is discussed and the remaining Directors shall decide if a conflict of interest exists.

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

- a. The Chairperson of the Board, 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 shall determine whether FIT 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.
- c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in FIT's best interest, for its own benefit, and whether it is fair and reasonable. Base on that vote, the decision will be made as to whether to enter into the transaction or arrangement.
- d. Directors who have an actual or potential conflict of interest must not vote or attempt in any way whatsoever to influence any decision as to which they may be in a conflict of interest situation.

### **Violations of the Conflict of Interest Policy**

- a. If the Board has reasonable cause to believe a Director has failed to disclose actual or possible conflicts of interest, it shall inform the Director of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Director's response and after making further investigation as warranted by the circumstances, the Board determines a Director has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **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 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.

### **Compensation**

a. A voting member of the Board who receives compensation, directly or indirectly, from FIT for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FIT for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FIT, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

### **Annual Statements**

Each Director, Officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- Has received a copy of the Conflict of Interest Policy;
- Has read and understands the Policy;

- Has agreed to comply with the Policy; and
- Understands FIT is a charitable corporation 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.

### **Periodic Reviews**

To ensure FIT 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. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arms-length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to FIT'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 transaction.

### **Use of Outside Experts**

When conducting the periodic reviews as provided for above, FIT may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.