

Children, Incorporated Conflict of Interest Policy

Article I Purpose

The purpose of the conflict of interest policy (the “Policy”) is to protect the interest of Children, Incorporated (the “Organization”), a tax-exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the Financial Interest of an Interested Person or might result in a possible excess benefit transaction (each, a “Conflict of Interest”). 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” means any director on the Board of Directors (the “Board”), officer, member of a committee which has Board-delegated powers or employee who has a direct or indirect Financial Interest, as defined below.
2. “Financial Interest” of a person, whether directly or indirectly, through business, investment or family, means any of the following:
 - a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
 - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization 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. Under Article III, Section 2, a person who has a Financial Interest may have a Conflict of Interest only if the Board decides that a Conflict of Interest exists.

3. “Conflict of Interest Transaction” means any proposed transaction, arrangement or agreement which results in a Conflict of Interest.

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 Board considering the proposed Conflict of Interest Transaction.
2. Determining Whether a Conflict of Interest Exists. The Interested Person has the primary responsibility to determine the existence of a Conflict of Interest. If the Interested Person determines that there is an actual or possible Conflict of Interest, he or she must disclose it to the Board. If the person is uncertain as to the existence of an actual or possible Conflict of Interest, that person must disclose it and request a determination by the Board. After disclosing the Conflict of Interest, the Interested Person(s) shall leave the Board meeting while the Conflict of Interest Transaction is discussed and a proper course of action is determined.

3. Procedures for Addressing the Conflict of Interest.

a. An Interested Person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the possible Conflict of Interest Transaction.

b. The Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed Conflict of Interest Transaction.

c. After exercising due diligence, the Board shall determine whether the Organization 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 Board shall determine by a majority vote of the disinterested directors whether the Conflict of Interest Transaction is in the Organization'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 Conflict of Interest Transaction.

e. In the event the Board cannot, because of Conflicts of Interest, or chooses not to serve as the governing body overseeing and evaluating Conflicts of Interest and proposed Conflict of Interest Transactions pursuant to this Policy, the Board may appoint a committee to serve on its behalf and delegate to such committee the right and power to exercise the authority and powers granted to the Board under this Policy. The Board may appoint members to the committee, may increase or decrease the size of the committee, may remove members with or without cause and may terminate the committee's authority at any time.

4. Violations of the Conflicts of Interest Policy.

a. If the Board has reasonable cause to believe an Interested Person has failed to disclose actual or possible Conflicts of Interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board determines the Interested Person has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

The minutes of the Board shall contain:

a. The names of the Interested 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 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 proposed Conflict of Interest Transaction, the content of the discussion, including any alternatives to the proposed Conflict of Interest Transaction, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

- a. A voting member of the Board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose authority includes compensation matters and who receives compensation, directly or indirectly, from the Organization 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 the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

- a. Each director on the Board, officer, member of a committee with Board-delegated powers and employee shall annually sign a statement, which affirms that such person: (i) has received a copy of the Conflicts of Interest Policy, (ii) has read and understands the Policy, (iii) has agreed to comply with the Policy, and (iv) understands the Organization 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.
- b. Each director on the Board, officer, member of a committee with Board-delegated power and employee shall annually sign a statement that discloses (i) any actual or possible Conflicts of Interest of such person; and (ii) such person's service as a board member, director, officer committee member, employee or shareholder of any other organization, whether non-profit or for-profit.
- c. All annual statements shall be submitted to the Director of Finance or any other officer designated by the Board, who shall review the annual statements and report any actual or possible Conflicts of Interest to the Board and shall compile and maintain a list of potentially conflicted entities and persons based on the annual statements.

Article VII
Periodic Reviews

To ensure the Organization 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:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization'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.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

CHILDREN, INCORPORATED
CONFLICT OF INTEREST
ANNUAL CERTIFICATION AND DISCLOSURE

Name: _____

Date: _____

Position: _____

Certification

By signing this form below, I certify that:

- a. I have received a copy of Children, Incorporated's Conflict of Interest Policy,
- b. I have read and understand the Policy,
- c. I agree to comply with the Policy, and
- d. I understand that Children, Incorporated is a charitable organization 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 and not engage in activities and transactions that provide impermissible benefits to individuals or entities.

Conflict of Interest Disclosure

Please indicate below that you either have no actual or possible Conflicts of Interest to report, or describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to an actual or possible Conflict of Interest between Children, Incorporated and your personal interests, financial or otherwise.

_____ I have no Conflict of Interest to report.

_____ I have the following possible Conflict(s) of Interest to report (Please specify below any actual transactions you are aware of between Children, Incorporated and any entity or person with which you have a business, investment or family relationship. Attach additional sheets if necessary.):

For the purpose of determining possible future Conflicts of Interest, please also specify other non-profit and for-profit boards on which you and/or your spouse sit, any for-profit businesses in which you or an immediately family member are an officer, director or majority shareholder, and the name of your employer and any business you or a family member own. (Attach additional sheets if necessary.)

I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Signature: _____

Date: _____