

Our Little Haven

CONFLICTS OF INTEREST AND DOCUMENTATION POLICY

ARTICLE I. Purpose.

The purpose of the conflicts of interest and documentation policy (the “Policy”) is to provide Our Little Haven, a Missouri nonprofit corporation (the “Association”), with procedures to follow if the Association is faced with a conflict of interest situation. The Policy must be followed when the Association is contemplating a transaction or arrangement that might benefit the private interest of an officer or director of the Association or any other interested person (as defined below). The Policy supplements, but cannot replace, any applicable laws governing conflicts of interest transactions or arrangements applicable to the Association. The procedures set forth in the Policy shall be used for all actual or potential conflicts of interest transactions or arrangements that the Association proposes to undertake (the “Transaction”), including, without limitation, any compensation arrangement between the Association and an interested person.

ARTICLE II. Definitions.

1. Interested Person. An interested person is any regent, director, advisory director, officer, member of a committee with board-delegated powers, or any other person who is in a position to exercise substantial influence over any decision of the Association’s Board of Directors (the “Board”) and has a direct or indirect financial interest (as defined below) in the Transaction.

2. Financial Interest. A person has a financial interest in the Transaction if the person will, directly or indirectly, receive compensation under the Transaction or if the person has, directly or indirectly, through business, investment, or family an existing or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association has or is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. 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 or a committee with board-delegated powers decides that a conflict of interest exists.

3. Disinterested Director. A disinterested director is a director of the Association who is not an interested person with respect to the Transaction.

4. Disinterested Person. A disinterested person is a person who is not an interested person with respect to the Transaction.

ARTICLE III. Procedures.

1. Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all material facts to the directors of the Board and members of a committee with board-delegated powers considering the Transaction in advance of the Association consummating the Transaction.

2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts relating thereto, and after any discussion with the interested person, the interested person shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Disinterested Directors or Disinterested Persons who are committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest.

(a) The Transaction shall be reviewed and voted on by either the Board or, if allowable under the Association's bylaws and governing state and local corporate law, by a committee with board-delegated powers.

(b) An interested person may make a presentation at the Board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the Transaction.

(c) The chairperson of the Board or committee shall, if appropriate, appoint a disinterested director or committee of disinterested directors to investigate alternatives to the Transaction.

(d) The Board or committee must carefully consider whether obtaining appropriate comparability data or a reasoned opinion is necessary to evaluate the fairness and reasonableness of the Transaction.

(e) After exercising due diligence, the Board or committee shall determine whether the Association can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(f) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the Transaction is in the Association's best interest and for its own benefit and whether the transaction is fair and reasonable to the Association. The Board or committee shall then make its decision as to whether to enter into the Transaction in conformity with such determination. Authorization of the Transaction must be approved or ratified by at least two disinterested directors, and in no event can only one disinterested director authorize, approve or ratify the Transaction without approval by the membership.

(g) If a majority of the disinterested directors on the Board authorizes, approves, or ratifies the Transaction, a quorum is deemed present for purposes of taking action under subsection (f), unless the Association's bylaws provide otherwise. If the committee is voting on the Transaction, the quorum requirement shall be determined in accordance with the Association's bylaws and state and local law.

4. Violations of the Conflicts of Interest Policy.

(a) If the Board or committee has reasonable cause to believe that a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and/or corrective action, which may include the taking of no action.

ARTICLE IV. Documentation of Proceedings, Decision, and Comparability Data.

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

1. 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;

2. The names of the persons who were present for discussions and votes relating to the Transaction, the content of the discussion (including any alternatives to the Transaction), the actions taken with respect to consideration of the Transaction by any Board member with a conflict of interest in the Transaction, and a record of any votes taken in connection therewith;

3. Documentation of comparability data used, how the comparability data was obtained, and the analysis involved in the decision to determine whether the Transaction was fair and reasonable; and

4. The terms of the Transaction that was approved and the date it was approved.

ARTICLE V. Compensation Committees.

A voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services, including compensation as an independent contractor, is precluded from voting on matters pertaining to that member's compensation.

ARTICLE VI. Statements.

Each director, principal officer and member of a committee with board-delegated powers shall sign a statement that affirms that such person:

1. Has received a copy of the Policy;
2. Has read and understands the Policy;
3. Has agreed to comply with the Policy; and
4. Understands that the Association is a tax-exempt organization and to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes and refrain from activities that confer an impermissible private benefit or result in private inurement.

ARTICLE VII. Periodic Reviews.

To ensure the Association operates in a manner consistent with its tax-exempt purposes and it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable and the result of arm's-length bargaining.
2. Whether arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Association's tax-exempt purposes, and do not result in private inurement or impermissible private benefit.
3. Whether other agreements and transactions involving the Association further the Association's tax-exempt purposes and do not result in private inurement or impermissible private benefit.

ARTICLE VIII. Use of Outside Experts.

In conducting the periodic reviews provided for in Article VII, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.