

KLEF Conflict of Interest Policy

Article I – Purpose

The purpose of this policy is to protect the tax-exempt status of the Kentucky Lions Eye Foundation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of the Kentucky Lions Eye Foundation (KLEF) or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state or federal laws governing conflict of interests applicable to nonprofit or charitable organizations.

Article II – Definitions

1. Interested Person – Any trustee, principal officer, or member of a committee with trustee delegated powers, who has a direct or indirect financial interest, as defined herein, is an interested person.
2. Financial Interest – A person has a financial interest if the person has, directly or indirectly, through business, investment, or family has:
 - a) An ownership or investment in any entity with which the KLEF has a transaction or arrangement.
 - b) A compensation arrangement with KLEF or any entity or individual with which KLEF has a transaction or arrangement.
 - c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which KLEF is negotiating a transaction or arrangement.
3. Compensation includes direct or indirect remuneration as well as gifts or favors that are not insubstantial.
4. A financial interest is not necessarily a conflict of interest. Under Article III, Section 3, a person who has a financial interest may have a conflict only if KLEF Executive Committee decides that a conflict of interest exists.

Article III – Procedures

1. Duty to Disclose – In connection with any action 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 Executive Committee which has Board of Trustees approval to consider the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Executive Committee members shall decide if a conflict of interest exists by majority vote.

KLEF Conflict of Interest Policy

3. Procedures for Addressing the Conflict of Interest

- a) An interested person may make a presentation to the Executive Committee but after the presentation he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b) The chairperson of the Executive Committee shall if appropriate appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement so as to avoid a conflict of interest.
- c) After exercising due diligence, the Executive Committee shall determine whether KLEF can obtain with reasonable efforts a more reasonable 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 Executive Committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in KLEF's best interest, for its own benefit, and whether it is fair or reasonable. In conformity with the above determination the Executive Committee shall make its decision as to whether to enter into the transaction arrangement.

2. Violations of the Conflict of Interest Policy

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

Article IV – Records of Proceedings

1. The Minutes of the Executive Committee 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 Executive Committee's decision as to whether a conflict of interest fact existed.
- b) The names of the persons who were present for the discussion and votes relating to the transaction or arrangements, the content of discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

KLEF Conflict of Interest Policy

Article V – Compensation

1. KLEF does not compensate any member of the Executive Committee, except for reimbursement for minor expenses incurred by the member which must be duly authorized by a majority of the Executive Committee.
2. In the event a voting member seeks reimbursement for minor expenses incurred by that member, then that member shall not participate in a vote by the Executive Committee on the authorization of such reimbursement.

Article VI – Annual Review

At the beginning of each term of office, each trustee and all members who is a member of the Executive Committee and all officers shall review this Conflict of Interest Policy and shall sign a statement acknowledging such person has:

1. Received a copy of the conflicts of interest policy (or acknowledge he or she was provided an opportunity to obtain a copy of said policy and thereby waived obtaining a copy)
2. Has read and understands the policy
3. Has agreed to comply with the policy
4. Understands that KLEF is a charitable foundation 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.

To ensure KLEF operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board of Trustees will review this policy on an annual basis to verify it is in compliance with the charitable purposes of the KLEF.

Said review shall include:

1. Whether any compensation for minor expenses are reasonable and the result of arm's length bargaining.
2. Whether the authorization for payment of such minor expenses is reflected in the minutes of the Executive Committee records after being properly voted on by the Executive Committee.

In conducting this annual review the Board of Trustees may, but not need, use outside advisors. If outside experts or advisors are used, their use shall not relieve the Board of Trustees of its responsibility to ensure compliance with the charitable purposes for which KLEF was created and compliance with laws under which KLEF operates. In the event the Board of Trustees deems it necessary, this policy may be modified pursuant to the Bylaws of KLEF.