

# Conflicts of Interest Policy

*Adopted by the Board of Directors September 18, 2011*

## Purpose

The purpose of this conflict of interest policy (the "Policy") is to provide guidance in identifying and managing actual or potential conflicts of interest involving PEAK Grantmaking with respect to any transaction or arrangement that might benefit the private interest of a staff member, officer, or director of PEAK Grantmaking, might result in a possible excess benefit transaction, or might create an appearance of impropriety. A conflict of interest includes any interest of the board member or staff person or their immediate family members. This Policy provides for disclosure of potential conflicts of interest and resolution through appropriate procedures. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable corporations.

It is PEAK Grantmaking's policy to evaluate such conflicts as transparently as possible and in a manner appropriate to the circumstances. Common sense will be a key factor in this process; however, it is paramount that PEAK Grantmaking board members and staff take preemptive action whenever possible by openly communicating actual or potential conflicts.

It is expected that staff and board members will hold the interests of PEAK Grantmaking to be primary in all related business and ethical relationships, and will discharge their duties for PEAK Grantmaking in good faith and with the degree of care that an ordinary prudent person in a like position would exercise under similar circumstances. No activity undertaken by staff or board members should conflict, or might reasonably be thought by others to conflict, with the proper performance of PEAK Grantmaking duties and responsibilities. It is important that neither staff nor board, nor their immediate family members, use or appear to use their affiliation with PEAK Grantmaking for personal or professional gain or to promote their affiliated organizations.

## Definitions

**Interested Person.** Any director, officer, or employee who has a direct or indirect financial interest, as defined below, is an interested person.

**Immediate Family.** Defined as spouse, domestic partner, sibling, or parents, as well as children, grandchildren, and great-grandchildren or their respective spouses.

Financial Interest/Personal Gain. A person has a conflict of interest if the person benefits, directly or indirectly (through business, investment, or immediate family) from:

- A financial interest, including an ownership or investment interest, or serves or anticipates serving as a director or officer of any entity with which PEAK Grantmaking has a transaction or arrangement (including, but not limited to, transactions or arrangements for the sale of goods or services or for the purchase of goods or services);
- A compensation arrangement with PEAK Grantmaking or with any entity or individual with which PEAK Grantmaking has a transaction or arrangement (e.g., a PEAK Grantmaking employee has a conflict of interest with respect to the determination of his or her own compensation); or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which PEAK Grantmaking is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as complimentary gifts, tickets, or favors that have more than a nominal value and are unrelated to any particular transaction and which might be considered to compromise objectivity and create an influence on the interested person.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Directors or committee thereof determines that a conflict of interest exists.

## Procedures

*Duty to Disclose.* In connection with any actual or possible conflict of interest, an interested person must disclose the existence of a conflict of interest, financial or otherwise, and be given the opportunity to disclose all material facts to board members and members of committees with powers delegated by the Board to consider the proposed transaction or arrangement.

An interested person who is in doubt as to the existence of a conflict of interest is requested to disclose all facts pertaining to the transaction or arrangement before undertaking the transaction or arrangement or making any decision in the matter.

*Procedures for Addressing a Conflict of Interest.* PEAK Grantmaking shall adhere to the following procedures to address any conflict of interest identified by the Board or a delegated committee thereof.

- An interested person may make a presentation to the Board or 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.

- The Co-Chairs of the Board (or one of the Co-Chairs, if the conflict of interest relates to one of the Chairs) or the chair of a delegated committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, the Board or delegated committee shall determine whether PEAK Grantmaking 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.
- If a more advantageous transaction or a arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or delegated committee shall determine by a majority vote of the disinterested board members whether the transaction or arrangement is in PEAK Grantmaking'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.

*Violations of the Conflicts of Interest Policy.*

- If the Board or delegated committee has reasonable cause to believe an interested person has failed to disclose any actual or possible conflict 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.
- If, after hearing the interested person's response and making further investigation as warranted by the circumstances, the Board or delegated committee determines that the interested person has failed to disclose an actual or possible conflict of interest as required, it shall take corrective action, including potential disciplinary action, as it deems appropriate under the circumstances.

## Records of Proceedings

The minutes of the Board and all committees with authority delegated by the Board shall contain:

- The names of the interested persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflict of interest, any action taken to determine whether a conflict of interest was present, and the Board or delegated committee's decision as to whether a conflict of interest in fact existed.
- 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.

## Annual Statements

Each interested person shall annually sign a Conflict of Interest Statement that affirms that 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,
- Discloses any relationships that may lead to an actual or perceived conflict of interest, and
- Understands PEAK Grantmaking is a charitable organization under Internal Revenue Service regulations and, in order to maintain PEAK Grantmaking's federal tax exemption, PEAK Grantmaking must engage primarily in activities that accomplish one or more of its tax-exempt purposes. This statement is attached ('Conflicts of Interest Statement').

The Audit Committee will review the completed Conflict of Interest Statements annually.

## Periodic Reviews

To ensure PEAK Grantmaking operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board shall conduct periodic reviews that shall, at a minimum, include whether partnerships, joint ventures, and arrangements with management organizations conform to PEAK Grantmaking's written policies, are properly recorded, reflect reasonable investments or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## Enactment

This Policy was approved by the Board of PEAK Grantmaking on September 18, 2011. The Board of PEAK Grantmaking reserves the right to modify or amend this policy at any time.