

THE CABBAGE PATCH SETTLEMENT HOUSE, INC. CONFLICT OF INTEREST POLICY

SECTION 1. PURPOSE:

The Cabbage Patch Settlement House, Inc. (the "Corporation") is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. The purpose of this policy is to identify and provide guidance on the most important and most common conflict of interest situations faced by the Corporation and set down general principles that can be applied to situations not covered specifically in the policy.

SECTION 2. PERSONS CONCERNED:

This statement is directed not only to directors and officers, but to all employees who can influence the actions of the Corporation. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning the Corporation.

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to the Corporation.
2. Persons and firms from whom the Corporation leases property and equipment.
3. Persons and firms with whom the Corporation is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting the Corporation.
6. Clients or others receiving services from the Corporation.
7. Agencies, organizations, and associations which affect the operations of the Corporation.
8. Family members, friends, and other employees.

SECTION 4. NATURE OF CONFLICTING INTEREST:

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party (other than in a company whose stock is publicly traded) dealing with the Corporation.
2. Holding office, serving on the board, participating in management, or being employed (or formerly employed) with any third party dealing with the Corporation.
3. Receiving remuneration for services with respect to individual transactions involving the Corporation.
4. Using the Corporation's time, personnel, equipment, supplies, or good will for other than Corporation approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with the Corporation. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.
6. Confidential information learned as a result of Board membership or employment by the Corporation shall not be used for any purpose other than the furtherance of the purposes of the Corporation. This includes, but is not limited to, donor information, client information, and financial information.

SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through

other relations. It is assumed that the directors, officers, and management employees will recognize such areas and relation by analogy. The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the Corporation. However, it is the policy of the Board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the Board, Officers, and Management Employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

SECTION 6. DISCLOSURE POLICY AND PROCEDURE:

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The Board or a duly constituted committee thereof has determined that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the Executive Director (or if she or he is the one with the conflict, then to the President), who shall bring the matter to the attention of the Executive Committee. Disclosure involving directors should be made to the President, (or if she or he is the one with the conflict, then to the President Elect or Past President as the case may be) who shall bring these matters to the Executive Committee.

The Executive Committee shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Corporation. The decision of the Executive Committee on these matters will rest in their sole discretion, and their concern must be for the welfare of the Corporation and the advancement of its purpose.

If the Executive Committee has reasonable cause to believe that a person covered by this policy 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.

If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Executive Committee determines the person has failed to disclose an actual or possible conflict of interest, it shall bring the matter to the full board of directors to take appropriate disciplinary and corrective action, which can include termination of employment or removal from the Board of Directors.

SECTION 7. RECORDS OF PROCEEDINGS:

The minutes of the Executive Committee and/or the Board of Directors, if a matter is brought to it, shall include:

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 governing board's or committee's decision as to whether a conflict of interest in fact existed.

The names of the person 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.

SECTION 8. COMPENSATION:

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

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

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

SECTION 9. ANNUAL STATEMENTS:

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

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understand the Corporation 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.

SECTION 10. PERIODIC REVIEWS:

To insure the Corporation operates in a manner consistent with its 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payment for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Adopted by Board of Directors on Feb. 25, 2009.

**THE CABBAGE PATCH SETTLEMENT HOUSE, INC.
CONFLICT OF INTEREST DISCLOSURE STATEMENT**

In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed "affiliated persons" and include the following:

- a. your spouse, domestic partner, child, mother, father, brother or sister;
- b. any corporation or organization of which you are a board member, an officer, a partner, participate in management or by which you are employed, and;
- c. any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. NAME OF EMPLOYEE OR BOARD MEMBER: (Please print)

2. CAPACITY:

- _____ Board of Directors
- _____ Executive Committee
- _____ Officer
- _____ Committee Member
- _____ Staff (position): _____

3. Have you or any of your affiliated persons provided services or property to The Corporation in the past year or were you or any of your affiliated persons involved in any direct or indirect business transaction(s) in the last year to which the Corporation is a party?

_____ YES _____ NO

4. Have you or any of your affiliated persons purchased services or property from the Corporation in the past year?

_____ YES _____ NO

5. Were you or any of your affiliated persons indebted to pay money to the Corporation at any time in the past year?

_____ YES _____ NO

6. In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from the Corporation or as a result of your relationship with the Corporation, that in the aggregate could be valued in excess of \$1,000, that were not or will not be compensation directly related to your duties to the Corporation?

_____ YES _____ NO

7. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving the Corporation?

_____ YES _____ NO

8. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by the Corporation's Executive Committee, in accordance with the terms and intent of the Corporation's conflict of interest policy?

_____ YES _____ NO

If you answered "yes" to any question, please list the question number(s) explain your answer in detail:

I AFFIRM that I have read and understand the Corporation's conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the Executive Director or the President immediately.

Signature

Date

Typing my name to this form and submitting it to the Corporation via e-mail shall have the same legal significance as signing my name and delivering it by U.S. Mail or in person to the Corporation.

Adopted by the Board of Directors on Feb. 25, 2009.

**THE CABBAGE PATCH SETTLEMENT HOUSE, INC.
GIFT POLICY AND DISCLOSURE FORM**

As part of its conflict of interest policy, the Corporation requires that directors, officers and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with the Corporation or are a competitor of it. This policy and disclosure form is intended to implement that prohibition on gifts.

Section 1. "Responsible Person" is any person serving as an officer, employee or a member of the board of directors of the Corporation.

Section 2. "Family Member" is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister, or spouse of a brother or sister, of a Responsible Person.

Section 3. "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to the Corporation is not a "contract" or "transaction."

Section 4. Prohibited gifts, gratuities and entertainment. Except as approved by the Chairman of the Board or his designee or for gifts of a value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, entertainment or other favors from any person or entity which:

1. Does or seeks to do business with the Corporation or,
2. Does or seeks to compete with the Corporation or,
3. Has received, is receiving, or is seeking to receive a Contract or Transaction with the Corporation.

GIFT STATEMENT

I certify that I have read the above policy concerning gifts, and I agree that I will not accept gifts, entertainment or other favors from any individual or entity, which would be prohibited by the above policy. Following my initial statement, I agree to provide a signed statement at the end of each calendar year certifying that I have not received any such gifts, entertainment or other favors during the preceding year.

Signature

Date

Typing my name to this form and submitting it to the Corporation via e-mail shall have the same legal significance as signing my name and delivering it by U.S. Mail or in person to the corporation.

Adopted by the Board of Directors on _____, 2009.