

## FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY

### CONFLICT OF INTEREST POLICY FOR EMPLOYEES, OFFICERS AND AGENTS

#### Policy Statement

1. No employee, officer, director, or agent shall perform services for a competitor organization, if this could result in a conflict of interest situation. Every employee, officer, director or agent that wishes to perform services for a competitor organization shall disclose this information to his or her supervisor (or in the case of a director, to the board), including the name of the organization, the services to be performed, and the estimated time necessary for performance. Written permission must be obtained from FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY before the services can be performed. If FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY, in its sole and absolute discretion, determines that there is a potential conflict of interest, permission shall be denied. The employee, officer, director or agent understands that FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY is under no obligation to approve the performance of the services, and that FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY may arbitrarily and in its sole discretion, deny permission to the employee, officer, director, or agent.
2. Employees, officers, directors, and agents may consult with outside organizations as long as no conflict of interest exists. If an honorarium or fee is paid and the consulting has occurred during the employee's normal work schedule, the amount paid will be remitted to FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY. The Board of Directors shall have the final say as to what constitutes a conflict of interest.
3. No employee, officer, director, or agent shall participate in his or her capacity as employee, officer, director, or agent of the FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY in the selection of an award of a contract, where, to his or her knowledge, the employee, officer, director, or agent or his or her immediate family or partner has a financial interest. The financial interest must be fully disclosed to the board prior to selection process.
4. No employee, officer, director, or agent shall participate in the selection, award or administration of a contract, where, to his or her knowledge, the employee, officer, director or agent or his or her immediate family or partner is negotiating for or has any arrangement concerning prospective employment without full disclosure to the Board.
5. No officer, employee, director, or agent shall solicit or accept personal gratuities, favors or anything of substantial monetary value from contractors or potential contractors.
6. No individual shall be employed by FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY

in a position over which a member of his or her immediate family exercises supervisory authority without full disclosure to the Board.

Immediate family as used above shall include: husband, wife, mother, father, sister, brother, son, daughter, mother-in-law, father-in-law, son-in-law, daughter-in-law, sister-in-law, and brother-in-law.

FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY  
CONFLICT OF INTEREST POLICY FOR BOARD OF DIRECTORS

**ARTICLE 1. PURPOSE**

The purpose of this policy is to assure that actual or apparent Conflicts of Interests do not compromise the decision-making processes of FRIENDS OF LEAPS & BOUNDS PEDIATRIC THERAPY (the "Corporation"), its Board of Directors (the "Board"), or the integrity of the standards set by its Board and Committees. This policy shall apply in the following circumstances: (1) it shall apply when a Director or committee member has an existing or potential interest which impairs, might impair, or appears to impair, his or her independent judgment in setting policies of the Board or in otherwise exercising his or her fiduciary duty as a Director or committee member; (2) it shall apply when a Board or committee member, or an organization with which he or she is affiliated as an officer, agent, employee, or consultant, is contemplating entering into a transaction or arrangement with the Board or which will or could be beneficially impacted by a policy decision of the Corporation; and (3) it shall apply when a Board or committee member, or an organization with which he or she is affiliated as an officer, agent, employee, or consultant, is involved in pending litigation, arbitration, or other formalized dispute resolution process, and the outcome of that process will or could be beneficially impacted by a pending decision involving a standard, or interpretation thereof, by the Board or a committee of the Corporation upon which such individual serves as a voting member.

This policy is intended to supplement, but not replace, any applicable state laws governing conflicts of interest applicable to California nonprofit and charitable corporations.

**ARTICLE 2. DEFINITIONS**

**Interested Party.** Any director or committee member who has a direct or indirect "Competing Interest" (as defined below) is an Interested Party. A person is "indirectly" a party to a transaction if a party to the transaction is an entity in which the person has a material financial interest or of which the person is an officer, director, employee, consultant or general partner. Status as an "Interested Party" does not automatically give rise to a Conflict of Interest.

**Consultant or Consulting Arrangement.** A Board or committee member who is a party to an existing or anticipated arrangement under the terms of which that Board or committee member will serve in an expert or consulting capacity in pending litigation, arbitration, or other formalized dispute resolution process.

**Competing Interest.** A Director or committee member has a Competing Interest if he or she has directly or indirectly, personally or through business, investment or family:

(a) An ownership, investment, employment, or other compensation interest in, or with, any entity which will or may be affected by a proposed action of the Board or a committee of the Corporation, but only if such interest is different from the interests of the Corporation as a whole;

(b) A compensation arrangement with any entity or individual with which the Corporation is contemplating a transaction or arrangement other than a transaction or arrangement which will be

offered to all members of the Corporation; or

(c) A consulting arrangement with or on behalf of any entity which is, or may be, affected by exercise of the Board or Committee's ordinary responsibilities, including, but not limited to, development of specifications, standards, or the interpretation or application thereof.

A Competing Interest does not automatically give rise to a Conflict of Interest.

**Compensation.** Direct and indirect remuneration, as well as gifts or favors that are substantial in nature.

**Conflict of Interest.** Any Competing Interest that would impair, or create the appearance of impairing, the independent judgment of the Interested Party.

### ARTICLE 3. PROCEDURES

**Duty to Disclose.** In connection with any actual or possible Competing Interest, an Interested Party must disclose the existence and nature of his or her Competing Interest to the Board or committee upon which he or she serves before any discussion or action is taken by the Board or committee in the area of the Competing Interest. The Interested Party must also declare whether he or she considers the Competing Interest to be a Conflict of Interest.

**Content of Disclosure.** The Interested Party does not have to disclose confidential details in connection with business plans or policy or relating to disputes in which he or she may be involved in a business or consulting capacity. The Interested Party must only disclose so much of the Competing Interest as will allow his or her fellow Board or committee members and the staff of the Corporation to understand the issues involved.

**Determining Whether a Conflict of Interest Exists.** An Interested Party's declaration that his or her Competing Interest is a Conflict of Interest shall be conclusive for purposes of this policy.

In the event an Interested Party does not consider the Competing Interest to be a Conflict of Interest, or if any Board or committee member has reasonable cause to believe that a Director or committee member is an Interested Party who has failed to disclose a Competing Interest, any disinterested member of the Board or committee upon which the Interested Party serves may refer the issue of whether the Interested Party's Competing Interest is a "Conflict of Interest" in the manner set forth below.

#### **Procedures for addressing the Potential Conflict of Interest.**

(a) A referral from a Board or committee member shall be made directly to the Chair of the Board (or to the Vice Chair if the Chair is an Interested Party, or to the remaining members of the Board of Directors if both the Chair and the Vice Chair are Interested Parties), who shall appoint an ad hoc committee from among the disinterested members of the Board of Directors to investigate the referral (the "Ad Hoc Committee").

(b) After exercising due diligence, the Ad Hoc Committee shall determine by majority vote whether the Competing Interest is a Conflict of Interest.

(c) If a Conflict of Interest is determined to exist, but no vote or other action has been taken by the

affected Board or committee in the area of the Competing Interest, the Interested Party shall abstain from voting on the proposed action, but may join in the discussion of the proposed action. For purposes of determining whether a quorum of Directors or committee members exists with respect to a vote on a proposed action, any Interested Person whom the Board has determined to have a Conflict of Interest shall be counted even though they shall abstain from voting.

(d) If a Conflict of Interest is determined to exist and a vote or other action has already been taken by the affected Board or committee in the area of the competing interest, the affected Board or committee shall negate any vote tendered by the Interested Party in the area of the Conflict of Interest and shall reconsider de novo any vote or action in the area of the Conflict of Interest. Voting procedure and quorum considerations shall be conducted in the same manner as contemplated by paragraph (c) above.

#### **ARTICLE 4. RECORDS OF PROCEEDINGS**

The minutes of any Board or committee meeting involving discussions of actual or potential Competing Interests or Conflicts of Interest and the minutes of the Ad Hoc Committee shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a Competing Interest, the nature of the Competing Interest, any action taken to determine whether a Conflict of Interest was present, and the decision as to whether a Conflict of Interest existed.

(b) The names of the Directors or committee members who were present for discussions and votes relating to the transaction or arrangement involving a Competing Interest or Conflict of Interest, the content of the discussion, and a record of any votes taken in connection therewith.

#### **ARTICLE 5. ANNUAL STATEMENTS**

The Chairs of the Board and committees shall annually confirm to the Chair of the Finance Committee that each Board or committee member:

(a) Has received a copy of this Conflicts of Interest policy;

(b) Has been afforded an opportunity to discuss and raise questions concerning the policy; and

(c) Has agreed to comply with the policy.

Adopted by unanimous vote of the Board on this \_\_\_ day of October, 2012.

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Jamie Gilliam, Secretary