

CONFLICT OF INTEREST POLICY

Section 1. PURPOSE

The purpose of the conflict of interest policy is designed to foster public confidence in the integrity of Lydia Patterson Institute (the "Organization") and to protect the Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an trustee, officer or key employee of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Section 2. DEFINITIONS

(a) Interested Person

Any , trustee, officer, key employee or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Officer

The president, chief executive officer, chief operating officer, treasurer and chief financial officer, executive director, or any other person with the responsibilities of any of these positions (whether or not the person is an officer of the Organization under the Organization's Bylaws.)

(c) Key Employee

An employee whose total annual compensation (including benefits) from the Organization and its affiliates is more than \$150,000 and who

1. Has responsibilities or influence over the organization similar to that of officers, directors or trustees or
2. Manages a program that represents 10% or more of the activities, assets, income, or expense of the organization or
3. Has or shares authority to control 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.

(d) Interest

Any commitment, investment, relationship, obligation, or involvement, financial, or otherwise, direct or indirect, that may influence a person's judgment, including receipt of compensation from the Organization, a sale, loan, or exchange transaction with the Organization.

(e) Conflict of interest

When, in the judgment of the board of Director, an interested person's stake in the transaction is such that it reduces the likelihood that an interested person's influence can be exercised impartially in the best interest of the Organization.

(f) Transaction

Any transaction , agreement, or arrangement between interested person and the Organization, or between the Organization and any third party where an interested person has an interest in the transaction or any part to it. Transaction does not include compensation arrangements between the Organization and director, officer or other interested person.

(g) Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement.
2. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. No interested person shall be disqualified from holding any office in the Organization by reason of any interest in any concern. An interested person shall not be disqualified from dealing, either as a vendor, purchaser or otherwise, or contracting or entering into any other transaction with the Organization or with any entity of which the Organization is an affiliate. No transaction of the Organization shall be voidable by reason of the fact that any interested person of the Organization has an interest in the concern with which such transaction is entered unless, a violation of the Conflict of Interest Policy, as described under Article III, has been determined by the appropriate governing body or committee.

(h). Excess Benefit Transaction

More than the fair market value.

Section 3. PROCEDURES

(a) Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial or other interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

(b) 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/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for addressing the Conflict of Interest

1. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
2. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the governing board or committee shall determine whether the Organization 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.
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstance not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization'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.

(d) Violations of the Conflict of Interest Policy

1. If the governing board or committee has reasonable cause to believe that 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.

2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. RECORDS OF PROCEEDINGS

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

(a) The names of the person 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.

(b) 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.

(c) The summary of the proceeding should include the following:

1. Name of the conflicted person
2. Description of the conflict
3. Members present during the discussion
4. Whether the conflicted person was present during the discussion
5. The content of the discussion
6. The members who voted
7. The result of the vote
8. Any action taken as a result of the vote

Section 5. COMPENSATION

(a) A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction included compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the governing board or any committee whose jurisdiction included compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 6. ANNUAL STATEMENTS

Each director, principal officer, top management official, top financial officer, each key employee and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

(a) Has received a copy of the conflicts of interest policy,

(b) Has read and understands the policy,

(c) Has agreed to comply with the policy, and

(d) Understands the Organization 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 7. PERIODIC REVIEWS

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax exempt status, periodic reviews of the administration of this conflict of interest policy shall be conducted. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified and improved. The reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable

investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the governing body of its responsibility for ensuring periodic reviews are conducted.

LYDIA PATTERSON INSTITUTE
CONFLICT OF INTEREST POLICY

ACKNOWLEDGEMENT AND FINANCIAL INTEREST DISCLOSURE STATEMENT

Lydia Patterson Institute (the "Organization") flows a conflict of interest policy designed to foster public confidence in our integrity and to protect our interest when we are contemplating entering a transaction or arrangement that might benefit the private interest of a director, officer, our top management official and top financial official, or any of our key employees.

Part I. Acknowledgment of Receipt

I hereby acknowledge that I have received a copy of the conflict of interest policy of Lydia Patterson Institute, have read and understood it and agree to comply with its terms.

Signature

Date

Printed Name

Part II. Disclosure of Financial Interests

We are required annually to file Form 990 with the Internal Revenue Service, and the form we file is available to the public. To complete Form 990 fully and accurately, and comply with our Organization's policies, we need each director, officer and key employee to disclose the information requested in this Part II.

A "conflict of interest" for these purposes arises when a person in a position of authority over an organization, such as an officer, director, or key employee, may benefit financially (or otherwise) from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated.

Please describe below any relationships, transactions, or positions you hold (volunteer or otherwise), or circumstances that you believe could create a conflict of interest, now or in the future, between Lydia Patterson Institute and your personal interest, financial or otherwise:

_____ I have no conflict of interests to report.

I have the following conflict of interests, or potential conflicts of interests, to report:

Names of person, organizations presenting a potential conflict	Type of Interest	Description of interest that could lead to conflict of interest