



Conflict of Interest Policy

Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of the Catholic Community Foundation of Los Angeles (the “Foundation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation or any other person having substantial influence over the Foundation. This policy implements but does not replace any applicable state or federal laws governing conflicts of interest with respect to nonprofit and religious corporations.

Definitions

1. Interested Person
An interested person is any director, officer, member of a committee with Board of Director (the “Board”)–delegated powers, key employee, or other person who has substantial influence over the Foundation or who has a direct or indirect financial interest, as defined below, with respect to the Foundation.
2. Financial Interest
A person has a financial interest if the person has, directly or indirectly, through business, investment, or family, an actual or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation has a transaction or arrangement or is negotiating a transaction or arrangement (excluding an interest of less than 1% of any publicly held company). Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Procedures

1. Duty to Disclose
In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and the members of committees with Board-delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists
After disclosure of the financial interest, the interested person shall leave the Board or committee meeting where the financial interest is being discussed and on which any action may be voted.
3. Procedures for Addressing the Conflict of Interest
 - a) The Chair of the Board or chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or

arrangement. A person shall be disinterested only if he or she has no financial interest in the transaction to be reviewed and if the person who has a potential conflict of interest has not previously approved a conflict-of-interest transaction for such person.

- b) After exercising due diligence, the Board or committee shall determine whether the Foundation can with reasonable efforts obtain an overall more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest. Such diligence shall include written documentation of comparable third-party arrangements.
- c) After a complete factual basis has been developed, the Board or committee may seek an opinion of counsel with respect to the transaction.
- d) If a more advantageous transaction or arrangement is not reasonably attainable, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interests.
- e) If a conflict-of-interest transaction results in benefit that could be considered compensation, such characterization shall be clearly documented and the Foundation shall file all appropriate tax reporting for such compensation.

4. Violations of the Conflict of Interest Policy

- a) If the Board or committee has reasonable cause to believe that a member has failed to disclose a financial 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 response of the member and making such further investigation as may be warranted, the Board or committee determines that the member has in fact failed to disclose a financial interest, the Board or committee shall take appropriate disciplinary and corrective actions.

5. Records of Proceedings

The minutes of the Board and all committees with Board-delegated powers shall contain:

- a) the name of the person who disclosed or otherwise was found to have a financial interest in connection with a potential conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest existed, and the 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, the content of the discussions including any alternatives to the proposed transaction or arrangement, the factual information and reports reviewed, and a record of any votes taken; and
- c) a list of the entities for whom transactions in which the person who had a financial interest were approved and a list of each of the directors or committee members who approved the transactions.

Compensation Committees

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

Annual Statements

Each director, principal officer, key employee, and member of a committee with Board-delegated powers shall annually sign Exhibit A affirming that the individual has received a copy of the Conflict of Interest Policy, has read and understands the policy, has agreed to comply with the policy, and understands that the Foundation is a charitable organization engaged primarily in activities that accomplish one or more of its tax-exempt purposes in order to maintain its federal tax exemption.

Periodic Reviews

To ensure that the Foundation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its federal income tax-exempt status, the Board shall conduct periodic reviews. The periodic reviews shall include whether compensation arrangements and benefits are reasonable and the result of arm's-length bargaining and whether partnership and joint-venture arrangements and arrangements with for-profit organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Foundation's charitable purposes, and do not result in inurement or impermissible private benefit.

Use of Outside Experts

In conducting the periodic reviews provided for, the Foundation may, but need not, use outside advisers. If outside experts are used, their use shall not relieve the Board of its responsibility to conduct periodic reviews.

Catholic Community Foundation of Los Angeles

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Exhibit A

**Acknowledgment of the
Catholic Community Foundation of Los Angeles
Conflict of Interest Policy**

A conflict of interest exists when any director, officer, member of a committee with Board of Directors–delegated powers, key employee, or other person who has substantial influence over the Catholic Community Foundation of Los Angeles (the “Foundation”) is authorized to participate in the decision to authorize others to enter into a business transaction on behalf of the Foundation that may directly or indirectly materially benefit such person or any related or affiliated person or entity (an “Insider”). By way of example, a conflict of interest may occur when:

1. an Insider’s business, friend, or relative provides goods or services to the Foundation in return for money or other consideration;
2. a vendor or person with whom an Insider has a business relationship provides goods or services to the Foundation in return for money or other consideration; and/or
3. an Insider receives a referral fee or preferential discount, gift, or other valuable consideration from a vendor or any other outside party for referring the Foundation’s business to such vendor or party.

Each conflict of interest shall be reported to the Board of Directors, which shall determine how to proceed.

I, _____, do acknowledge that:

1. I have received a copy of the Foundation’s Conflict of Interest Policy (the “Policy”);
2. I have read and understand the Policy;
3. I agree to comply with the Policy; and
4. I understand that the Foundation is a charitable organization engaged primarily in activities that accomplish one or more of its tax-exempt purposes in order to maintain its federal tax exemption.

Date _____, 20____

Signature _____

Print Name _____