

**THE FOCUSING INSITUTE**  
**CONFLICT OF INTEREST POLICY**

Adopted by vote of the Board of Trustees July 1, 2015

This conflict of interest policy (“Conflict Policy”) of The Focusing Institute, (the “Organization”) has been adopted by the Board of Trustees (the “Board”) and is applicable to all current trustees, key employees, and others who have the ability to exercise substantial influence over the Organization (“Covered Persons”).

**A. General.**

All Covered Persons owe a duty of loyalty to the Organization. The duty of loyalty requires that they exercise their powers in good faith and in the best interests of the Organization, rather than in their own interests or the interests of another entity or person.

Conflicts between the interests of the Organization and the personal or financial interests of a Covered Person may arise from time to time. Some conflicts of interest are illegal, unethical or create an appearance of impropriety, but other conflicts of interest may be in the best interests of the Organization so long as certain procedures are followed. This Conflict Policy is designed to assist the trustees, officers and others in the Organization in identifying conflicts of interest and in handling them appropriately.

Neither the Organization nor any Covered Person shall enter into any transaction or arrangement that involves an actual, potential, or apparent conflict of interest except in compliance with this Conflict Policy.

**B. Conflict of Interest.**

A conflict of interest arises whenever the interests of the Organization come into conflict with a competing financial or personal interest of a Covered Person or an affiliated party (defined as the Covered Person’s spouses (and their siblings), lineal ancestors and descendants, spouses of lineal descendants, siblings (and their spouses and children), and domestic partners, or any entity in which the Covered Person (or any affiliated party) is a trustee, officer, or has a beneficial interest of more than 5%.), or otherwise whenever a Covered Person’s personal or financial interest could be reasonably viewed as affecting their objectivity or independence in fulfilling their duties to the Organization.

While it is not possible to anticipate all possible conflict situations, conflicts of interest typically arise whenever a Covered Person, or any affiliated party has (directly or indirectly):

1. a compensation arrangement or other financial interest in a transaction with the Organization;
2. a compensation arrangement or other interest in or affiliation (subject to *de minimis* exceptions) with any entity or individual that: (a) sells goods or services to, or purchases goods or services from, the Organization; (b) competes with the Organization; or (c) the Organization has, or is negotiating, or contemplating negotiating, any other transaction or arrangement;
3. used his or her position, or confidential information or the assets of the Organization to his or her (or an affiliated party's) personal advantage or for an improper or illegal purpose;
4. solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on the Covered Person (other than gifts of nominal value which are clearly tokens of respect and friendship unrelated to any particular transaction);
5. acquired any property or other rights in which the Organization has, or the Covered Person knows or has reason to believe at the time of acquisition that the Organization is likely to have, an interest;
6. an opportunity related to the activities of the Organization that is available to the Organization or to the Covered Person, unless the Board of Trustees has made an informed decision that the Organization will not pursue that opportunity;
7. been indebted to the Organization, other than for amounts due for ordinary travel and expense advances; or
8. any other circumstances that may, in fact or in appearance, make it difficult for the Covered Person to exercise independence, objective judgment or otherwise perform effectively in carrying out their responsibilities to the Organization..

**C. Disclosure of an Actual, Potential or Apparent Conflict of Interest.**

1. Conflict identification and analysis can be difficult and, therefore, Covered Persons and other staff are at all times expected to err on the side of caution and bring to the attention of the President of the Board of Trustees or Executive Director all material facts of any matters that may involve conflicts of interest or be perceived by others to raise questions about potential conflicts even if the person does not believe that an actual conflict exists. Disclosures should be made in advance, before any action is taken on the matter. The President or Executive Director shall promptly notify the full Board of Trustees of any such disclosures.

2. In addition, each Covered Person shall complete an Annual Conflicts of Interest Disclosure Statement (see Appendix A) each year of their affiliation with the Organization, disclosing any actual, potential or apparent conflicts, and affirming that they have read, understand, and have and will continue to adhere to this Conflict Policy. They shall also submit a new Questionnaire disclosing any relevant change in circumstances. The Questionnaires shall be reviewed by the Board of Trustees.

#### **D. Evaluation of an Actual, Potential or Apparent Conflict of Interest.**

The Board of Trustees will evaluate conflict disclosures and make other necessary inquiries to determine the extent and nature of any actual or potential conflict of interest and, if appropriate, investigate alternatives to the proposed transaction or arrangement.

The Board may appoint a Review Committee to investigate the potential conflict and to investigate alternatives to the proposed transaction or arrangement. The Review Committee shall report its findings to the disinterested members of the Board for consideration and resolution.

After exercising due diligence, the Board of Trustees 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.

The interested person shall be given an opportunity to make a presentation to the Board of Trustees. After disclosure of the potentially conflicting interest and all material facts, and after discussion with the interested person, the interested person shall leave the meeting while the determination of the conflict of interest is discussed and voted upon and shall refrain from attempting to influence other decision makers relating to the matter.

If the interested person is a member of the Board of Trustees, the interested trustee may be counted in determining the establishment of the quorum at a meeting relating to the matter, but may not be counted in the vote on the matter.

The interested person shall only be informed of the final decision and not of particular Trustees' positions or votes.

#### **E. Resolution of an Actual, Potential or Apparent Conflict of Interest.**

The Organization may enter into a transaction or other arrangement in which there is an actual or potential conflict of interest only if at a duly held meeting of the Board of Trustees a majority of those trustees (if a quorum is present at such time) who have no interest in the transaction or arrangement approve the transaction or arrangement after determining, in good faith and after reasonable inquiry, that:

1. entering into the transaction or arrangement is in the best interests of the Organization, while considering both the Organization's mission and resources, and the possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of, the Organization (even if there is no actual conflict or wrongdoing);
2. the transaction or arrangement in its entirety, and each of its terms, are fair and reasonable to the Organization;
3. after consideration of available alternatives, the Organization could not have obtained a more advantageous arrangement with reasonable effort under the circumstances;
4. the transaction or arrangement furthers the Organization's mission and charitable or exempt purposes; and
5. the transaction or arrangement is not prohibited under state law and does not result in private inurement, an excess benefit transaction or impermissible private benefit under laws applicable to tax exempt organizations.

#### **F. Records of Conflict Disclosures and Proceedings.**

The minutes of the Board or any committee meeting during which a potential or actual conflict of interest is disclosed or discussed shall contain:

1. the name of the person who disclosed or otherwise was found to have a financial interest in connection with a possible conflict of interest,
2. the nature of the financial interest and the conflict,
3. the content of the discussion and any actions taken to determine whether a conflict of interest was present (such as documents reviewed, alternatives considered, comparative costs or bids, market value information and other factors considered in deliberations),
4. the Board of Trustees' decision as to whether a conflict of interest in fact existed,
5. any ongoing procedures to manage any conflict that was approved,
6. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, and
7. a record of the votes taken in connection with the proceedings.

## **G. Compliance.**

1. If the Board of Trustees has reasonable cause to believe that a Covered Person has failed to comply with this Conflict Policy, they may make such further investigation as may be warranted in the circumstances and if they determine that a Covered Person has in fact failed to comply with this Conflict Policy, they shall take appropriate action which may include removal from office or termination.
2. In addition, certain related party transactions are required to be disclosed in the notes to the Organization's audited financial statements and its annual federal tax filing on Form 990.

## **H. Compensation.**

A member of the Board of Trustees or a member of any committee with jurisdiction over compensation who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

## **I. Periodic Reviews.**

To ensure that the Organization 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 Organization's written policies, are properly recorded, reflect reasonable investment or payments for good or services, further charitable purposes and do not result in inurement, impermissible private benefits or an excess benefit transaction.
3. When conducting the periodic review, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Trustees for its responsibility for ensuring that periodic reviews are conducted.

## **K. Amendment.**

This Conflict Policy may be amended only by the Board of Trustees.

Appendix A

ANNUAL CONFLICT OF INTEREST DISCLOSURE STATEMENT

All Trustees, key employees, and others who have the ability to exercise substantial influence over the Organization shall complete and submit this form on an annual basis. Signed forms shall be retained with the Organization's important corporate documents.

Please initial each statement that applies to you:

\_\_\_\_\_ I have read and am familiar with the Organization's Conflict of Interest Policy. I understand that a conflict of interest may arise if a financial or non-financial nature whenever I or any of my relatives or other affiliated party (as defined in the Conflict of Interest Policy) has a personal interest that is or may be in conflict with the Organization's interests, such that I may be improperly influenced by personal interest when making a decision for the Organization.

\_\_\_\_\_ I am not aware of any direct or indirect financial or other material interest that is required to be disclosed under the Conflict of Interest Policy.

\_\_\_\_\_ I have described below or in an attached letter every direct or indirect financial or other material interest that is required to be disclosed under the Conflict of Interest Policy.

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During the time I am in a position of organizational governance or management, I agree to promptly report any future situation that might involve or appear to involve me or any of my relatives or other affiliated parties in any potential conflict of interest with the Organization.

Printed Name: \_\_\_\_\_ Position: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_