

Homeless Youth Connection Board Policy for Conflict of Interest

Adoption Date: March 21, 2013

Implementation Date: March 21, 2013

Committee: Executive Committee

The Homeless Youth Connection, Inc. (HYC) board of directors (the “board”) desires to implement a Board Policy to address occasions where any of its members may be in situations that could be considered conflicts of interest. These may occur when the board or the entity is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of HYC. This policy is a requirement of the federal Sarbanes-Oxley Act (commonly known as SOX) and the annual Federal Information Return, Form 990. It is the intent of this policy that it is in compliance with applicable state and federal laws pertaining to conflicts of interest for non-profit organizations and that the utmost care is taken to provide transparency and to uphold the highest ethical standards.

Following are definitions or clarification of certain terms:

Interested party – Any director, officer or member of a committee with governing board delegated powers who has a direct or indirect financial interest in a transaction or arrangement.

Financial interest – A financial interest exists or is created when an equity or investment interest exists between HYC and the interested party, their business, investments or family including a compensation arrangement or substantial gifts or favors, or any direct or indirect remuneration. It is the board’s discretion and responsibility to decide if a financial interest exists as delineated in this policy.

Independent Director – This definition follows the definition found in Form 990. This protects our status as a charitable organization. To be independent, an officer or director

- May not be or have been an employee of HYC for a period of at least three years;
- Does not either directly or indirectly have a significant business relationship with HYC;
- Is not employed as an executive by any corporation where any of HYC’s officers, directors or employees serve on the compensation committee; and
- Does not have an immediate family member who is an executive officer or employee of HYC, or who has a significant financial relationship with HYC.

The following responsibilities rest with the interested party:

- There is a duty to disclose an actual or possible conflict of interest by any director. All relevant financial interests must be disclosed to the board or executive committee in a timely manner.
- Any director, officer, or employee may recuse himself or herself from any discussion or decision in which the individual believes a conflict may exist. This recusal negates the need for the board process, described below, to make a determination if a conflict exists or not.
- After all material facts have been disclosed, and after any discussion with the interested party, that individual will be excused from the meeting while the board discusses and votes on the issue.

The following process and procedures shall be observed in addressing a conflict of interest:

1. The interested party may make a presentation to the board or executive committee and shall leave during any discussion and vote.
2. The President may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

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3. After exercising due diligence the board or executive committee shall determine if HYC can, with reasonable efforts, obtain a more advantageous transaction or arrangement.
4. If it is determined that a more advantages transaction or arrangement is not available, the board by majority vote of the disinterested directors may decide if the transaction or arrangement is in HYC's best interest and if it is fair and reasonable.

In the case of undisclosed or potential violations of this policy

1. The board shall ask the interested party to explain his or her actions as to the alleged failure to disclose.
2. After hearing the party's response and after further warranted investigation the board or executive committee shall take appropriate disciplinary or corrective action.

All proceedings pertaining to conflicts of interest shall be duly recorded in the minutes of the board or executive committee. The minutes shall include the date(s), nature and amount of financial interest, any action taken, a determination of whether a conflict was present, the names of the directors and other persons present, the context of the discussion including any alternatives discussed and any votes taken,

Regarding compensation paid to board members, any director is precluded from voting on matters relating to compensation by HYC for services performed by that director. This applies to committee and board actions,

Regarding maintaining board records, annually each director, principal officer, and member of a committee with board delegated powers (such as an advisory committee) shall sign a statement that affirms the following:

- The individual has a copy of the conflict of interest policy.
- The individual has read and understands the policy.
- The individual agrees to comply with the policy, and
- The individual understands that HYC is a charitable organization and must engage in its stated purpose to maintain its tax-exempt status.
- The individual shall declare if he or she is independent with respect to dealings with HYC; and, if not, provide an explanation of how the individual is not independent.
- The individual shall declare that if information disclosed in the Annual Statement changes materially during the year, the individual shall disclose such changes and revise his or her answers on the disclosure form.

The executive committee shall have specific responsibilities and accountabilities with respect to conflict of interest:

- The executive committee shall regularly and consistently monitor and enforce compliance with this statement and the policy by reviewing the annual statements and other appropriate actions for a given set of circumstances,
- Perform reasonable reviews to assure that HYC continues to perform charitable duties and shall include reviews of compensation and other monetary arrangements and the result of arm's length bargaining, to assure that no actions unreasonably and/or without oversight financially benefits any director.
- The use of outside experts in this review process does not relieve the executive committee or the board of its responsibilities.

The effective date of this policy shall be its adoption date.