

**SPACE COAST HEALTH FOUNDATION, INC.
POLICY CONCERNING CONFLICTS OF INTEREST AND GIFTS**

Policy No. Admin-04

ARTICLE I – PREAMBLE

The trustees, officers and staff of the [Space Coast Health Foundation], Inc. (the “Foundation”) aspire to the highest level of ethical conduct in our work. The Foundation also values the knowledge gained from such individuals’ involvement with other organizations. Inevitably, from time to time, such affiliations may create or appear to create conflicts with the individual’s duty to the Foundation. To ensure that the Foundation’s decisions are free of any conflicts or other inappropriate influences, the Board of Trustees (the “Board”) has adopted the following policy concerning conflicts of interest and gifts.

In carrying out this policy, the Foundation relies on the good judgment and integrity of its trustees, officers and staff. The Foundation encourages a culture of transparency in which such individuals fully and promptly disclose all affiliations, interests and gifts of which they are aware that might present a conflict relating to a potential transaction, or might otherwise affect their objectivity. The Foundation asks that trustees and officers bring to the attention of their colleagues, and staff members to their supervisors’ attention, all personal and professional interests or affiliations that might conflict with their duty to the Foundation. In situations where conflicts are uncertain, the Foundation encourages individuals to err on the side of disclosure.

ARTICLE II – PERSONS COVERED BY POLICY

This policy applies to “Covered Persons,” defined as any trustee, officer or staff member that has authority to act on behalf of the Foundation. Upon commencement of affiliation or employment and annually thereafter, all Covered Persons must complete a conflict of interest disclosure statement. Covered Persons are also required to update the conflict of interest disclosure statement whenever there has been a change in the Covered Person’s affiliations. Covered Person’s must disclose all of their affiliations, as requested by the form, even if there is no current conflict of interest.

ARTICLE III — CONFLICTS OF INTEREST

A. Application

Generally, a conflict of interest may occur if an interest or activity influences or appears to influence the ability of a Covered Person to exercise objectivity or impairs the Covered Person’s ability to perform his or her responsibilities in the best interests of the Foundation. A Covered Person is considered to have a potential conflict of interest when:

- (i) The individual or any related party may receive a financial or other benefit as a result of the individual’s position at the Foundation;

(ii) The individual has the opportunity to influence the Foundation's granting, business, administrative or other material decisions in a manner that leads to personal gain or advantage; or

(iii) The individual has an existing or potential financial or other interest which impairs or might appear to impair the individual's independence in the discharge of their responsibilities to the Foundation.

B. Specific Relationships that May Create Conflicts of Interest

A variety of situations, affiliations and relationships may create potential conflicts of interest. Financial or other relationships (i.e., board/officer or other management positions) by a Covered Person or a related party with a prospective or actual grantee, contractor, vendor or supplier could potentially create the appearance of impropriety or interfere with an individual's discharge of the individual's responsibilities on behalf of and in the best interests of the Foundation and should be disclosed on the Covered Person's annual conflict of interest disclosure statement. When deciding what kind of relationships should be disclosed, consider the situation from the perspective of an outsider and whether the relationship is of such a nature that it could raise an allegation of an apparent or actual conflict of interest, and then err on the side of transparency, as disclosure helps to alleviate or avoid future misunderstandings.

The following activities illustrate types of potential or actual conflicts of interest that should be avoided and disclosed, as applicable, in accordance with this Policy. The list is not all inclusive and is intended to provide guidance.

- ***Self-benefit:*** Using your position or relationship within the Foundation to promote your own interests or those of a related party, including using confidential or privileged information of the Foundation for personal benefit or gain or for the personal gain or benefit of a related party.
- ***Influence peddling:*** Soliciting benefits for yourself or a related party from outside organizations in exchange for using your influence to advance the interests of that organization within the Foundation.
- ***Other business relationships and dealings:*** Approving grants or contracts with organizations in which an individual or a related party have a significant financial or other interest or relationship, particularly if the individual is in a position to influence major decisions, is responsible for review, negotiation and approval of the grants or contracts or otherwise direct the Foundation's business dealings with that business or entity.
- ***Property transactions:*** Directly or indirectly leasing, renting, trading, or selling real or personal property to or from the Foundation.
- ***Use of the foundation property for personal advantage:*** Using or taking Foundation resources, including facilities, equipment, personnel and supplies, for private use or other unauthorized non-Foundation activities.

- ***Recording or reporting false information:*** Misrepresenting, withholding, or falsifying relevant information required to be reported to external parties or used internally for decision-making purposes, in order to derive personal benefits.

ARTICLE IV – GIFTS

Covered Persons may not receive or offer any gift or anything else of significant value for the purpose of influencing the action of the Foundation or of the recipient. Gifts (except those generally valued at \$100 or less) received from vendors, suppliers, consultants, and grantees as part of normal business practice must be declined or given to the Foundation or shared with the Foundation generally, and if acknowledgement is appropriate, acknowledged on behalf of the Foundation. This Policy is not intended to prohibit normal business practices, such as meetings over meals, corporate items given to participants in meetings and conferences, or token hosting gifts, as long as they are of nominal and reasonable value and promote the Foundation's legitimate business interests.

ARTICLE V –PROCEDURES

A. Duty to Disclose

In connection with any actual or possible conflict of interest, a Covered Person must disclose the existence of the potential conflict of interest and be given the opportunity to disclose all material facts to the trustees and members of committees with Board-delegated powers considering the proposed transaction or arrangement.

B. Determining When a Conflict Exists

After disclosure of the potential conflict of interest and all material facts, and after any discussion with the Covered Person, he or she shall leave the 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 Conflicts of Interest

1. A Covered Person may make a presentation at the Board or committee meeting, but after the presentation, he or 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 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 Board or committee shall determine whether the Foundation 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 circumstances not producing a conflict of interest, the Board or committee shall determine

by a majority vote of the disinterested trustees whether the transaction or arrangement is in the Foundation'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.

ARTICLE VI – VIOLATIONS OF THE POLICY

If the Board or committee has reasonable cause to believe a Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Board or committee determines the Covered Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE VII – RECORDS OF PROCEEDINGS

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

1. The names of the persons 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 Board's or committee's decision as to whether a conflict of interest in fact existed.

2. 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.

ARTICLE VIII – COMPENSATION

A. Voting Restrictions for Board Member

A voting member of the Board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

B. Voting Restrictions for Committee Members

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 compensation.

C. Information Permitted

No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE IX – CONFIDENTIALITY

Each Covered Person shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of the Foundation. Furthermore, Covered Persons shall not disclose or use information relating to the business of the Foundation for their personal profit or advantage or the personal profit or advantage of a related party.

ARTICLE X – PERIODIC REVIEW

To ensure the Foundation 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 Foundation'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.

ARTICLE XI – USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article X, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE XI – SELF -DEALING TRANSACTIONS

The Internal Revenue Code imposes a penalty on self-dealing between the Foundation and disqualified persons (see *Appendix A*). The Foundation will not engage in any self-dealing transactions with disqualified persons.

ARTICLE XII – RETALIATION IS PROHIBITED

No trustee, officer or staff member who, in good faith, reports a concern to the Board or government agency shall be subject to retaliation or, in the case of a staff member, adverse employment consequences by Foundation. Moreover, a trustee, officer or staff member who retaliates against someone who has reported a concern in good faith is subject to discipline up to and including termination of employment or service on the Board.

XII – REFERRED TO COUNSEL

Questions regarding the interpretation or application of this Policy should be referred to counsel for the Foundation.

ARTICLE XIII – CERTAIN DEFINITIONS

“Affiliation” includes, but is not limited to, serving as a board member, employee, or consultant to a current or potential grantee, service provider, contractor or vendor, or doing business with the grantee, service provider, or vendor.

“Related party” shall mean (i) a Covered Person’s family members and (ii) a corporation, partnership, trust, estate or other legal entity in which the Covered Person or any family member owns an investment or beneficial interest.

“Family member” shall mean a Covered Person’s spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

“Officer” shall mean an individual elected by the Board to serve as an officer of the Foundation.

“Trustee” shall mean an individual duly appointed to the Board of Trustees of the Foundation.

APPENDIX A

PRIVATE FOUNDATION SELF-DEALING RULES

As a private foundation, the Foundation is subject to the self-dealing rules established by section 4941 of the Internal Revenue Code. These rules tightly regulate all transactions between the Foundation and its trustees, officers and other “disqualified persons.” The conceptual starting point of the self-dealing rules is that a private foundation should not engage in economic transactions with disqualified persons even if those transactions result in the net transfer of value to the foundation. The rules establish an important, but limited, exception under which a foundation may pay reasonable compensation to a disqualified person and reimburse reasonable expenses for personal services that are reasonable and necessary to advance the exempt purposes of the foundation.

A. Sanctions. The sanctions for violating the self-dealing rules fall primarily on the disqualified person(s) involved in a self-dealing transaction, who must both pay a penalty tax and “correct” the violation. Correction generally requires both undoing the transaction to the extent possible and also placing the foundation in a financial position “not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards.” Covered Persons who knowingly, willfully, and without reasonable cause approve a self-dealing transaction are also subject to financial penalty and a correction obligation.

B. Definition of Disqualified Persons. For purposes of the self-dealing rules, disqualified persons include:

- (i) A foundation’s trustees and officers as well as other “foundation managers” who have decision authority over a specific transaction;
- (ii) Substantial contributors to the foundation;
- (iii) Family members of the foregoing (i.e., spouses, ancestors, lineal descendants through great-grandchildren, and spouses of such descendants); and
- (iv) Any entity (other than another section 501(c)(3) organization) in which disqualified persons own a 35 percent or greater ownership interest.

C. Transactions Prohibited Under the Self-Dealing Rules.

1. Selling, exchanging, or leasing of property between a private foundation and a disqualified person is an act of self-dealing, even if the foundation pays demonstrably less than the fair market value of the property it receives. A contribution of property subject to a mortgage is treated as a sale or exchange, and hence, constitutes self-dealing.

2. Lending of money or other extension of credit by a foundation to a disqualified person is an act of self-dealing. In addition, a disqualified person may not lend to a foundation unless the loan is interest free and the proceeds are used exclusively for charitable purposes. Where a disqualified person has made an interest-free loan to a foundation, the foundation may not repay the loan with property other than cash.

3. Furnishing of goods, services, or facilities by a disqualified person to a private foundation is an act of self-dealing unless these items are offered free of charge. Conversely, a foundation may provide goods, services, or facilities to a disqualified person only if the disqualified person is treated no differently from other members of the public to whom the foundation also makes these items available.

4. Payment of compensation to a disqualified person and reimbursement of related expenses are acts of self-dealing unless the services are personal services that are reasonable and necessary to carrying out the purposes of the foundation and the compensation and reimbursements are reasonable in amount.