



Conflict of Interest Policy (adopted by the Board of Directors, January 22, 2014)

It is in the best interest of Nepenthe Association (“Nepenthe”) to have its Directors, Officers, and Management Company be aware of and properly address all possible conflicts of interest. This Conflict of Interest Policy (“Policy”) is designed to help Board members, officers, committee members, volunteers and management company employees who have regulatory duties or are in a position to make decisions affecting Nepenthe to identify situations that present possible conflicts of interest and to provide Nepenthe with a procedure whereby such potential conflicts may be reviewed by the Board or an independent third person(s) when necessary. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. Nothing contained in this policy shall prevent Nepenthe from contracting with or engaging the services of a person or entity with a conflict of interest so long as full disclosure of such conflict is obtained prior to such contract or service.

1. Definitions.

- a. A "Conflict of Interest" is any circumstance described in Section 2 of this Policy.
- b. An "Interested Person" is any person serving as an officer, member of the Board of Directors, staff or volunteer of Nepenthe, a management company engaged by Nepenthe including its officers, directors or staff, or anyone else who is in a position of control over Nepenthe who has a financial interest in a Contract or Transaction as defined in paragraph 1.e.
- c. A "Family Member" is a spouse, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of an Interested Person.
- d. A "Material Financial Interest" is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect an Interested Person's or Family Member's judgment with respect to transactions to which the entity is a party.
- e. A "Contract or Transaction" is any agreement or relationship involving the sale, purchase or provision of property, real or personal, goods, services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship, the execution of a contract, or the exercise of control over any person of any organization to or from Nepenthe. The making of a gift to Nepenthe is not a Contract or Transaction.
- f. A "Gift, Gratuity or Entertainment" from or to individuals or entities occurs when the person receiving or providing the gift/gratuity or entertainment/favor does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Interested Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of Nepenthe.
- g. "Other Situations." Any situation that may create the appearance of a conflict or present a duality of interests in connection with an Interested Person who has influence over the activities or finances of Nepenthe. All such circumstances should be disclosed to the Board and management's staff, as appropriate, and a decision made as to what course of action the organization or individuals should take so that the best interests of Nepenthe are not compromised by the personal interests of an Interested Person.

2. An Interested Person has or may have a Conflict of Interest if:



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- a. A Director, Officer, staff member, employee or volunteer representing Nepenthe or any management company engaged by Nepenthe including a board member, partner, or person with a financial interest (or family member of any of the foregoing) is a party to a contract, or involved in negotiating a contract or any transaction with Nepenthe for the purchase or sale of property, real or personal, goods, services or improvements to Nepenthe property.
- b. A Director, Officer, staff member, employee or volunteer, (or a family member of any of the foregoing) or any management company including a board member, partner, or person with a financial interest (or family member of any of the foregoing) engaged by Nepenthe has a financial interest in a transaction between Nepenthe and an entity in which the director, officer, staff or volunteer, or a family member of the foregoing, is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, shareholder, or other legal representative.
- c. A Director, Officer, staff member, employee or volunteer, (or a family member of the foregoing) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with Nepenthe.

3. Procedures for Disclosure of Conflicts or Potential Conflicts.

- a. Prior to Board or Committee action on a Contract or Transaction involving a Conflict of Interest, an Interested Person having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If Board members are aware that an Interested Person has a conflict of interest, relevant facts should be disclosed by the Board member or by the Interested Person him/herself either in writing or orally before the Board for purposes of disclosure.
- b. A Director or committee member who plans not to attend a meeting at which he or she has reason to believe that the Board or committee will act on a matter in which the person has a Conflict of Interest shall disclose in writing to the President and Board members prior to the meeting all facts material to the Conflict of Interest. The President shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- c. An Interested Person who has a Conflict of Interest shall not participate in or be permitted to hear the Board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- d. An Interested Person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.
- e. No Interested Person having a Conflict of Interest may vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
- f. Interested Persons who are not members of the Board of Directors of Nepenthe or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to President or the President's designee any Conflict of Interest



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that such Interested Person has with respect to a Contract or Transaction. Such disclosure shall be made orally and followed in writing as soon as the Conflict of Interest is known to the Interested Person. The Interested Person shall refrain from any action that may affect Nepenthe’s participation in such Contract or Transaction.

- g. In the event it is not entirely clear that a Conflict of Interest exists, any individual with a potential Conflict of Interest shall disclose the circumstances to the President or his/her designee, who shall determine whether full board discussion is warranted or whether there exists a Conflict of Interest that is subject to this policy.
- 4. **Confidentiality.** Each director, officer, employee, volunteer and management company staff member and employee shall exercise care not to disclose confidential information acquired in connection with disclosures of Conflicts of Interest or potential conflicts, which might be in adverse to the interests of Nepenthe. Furthermore, directors, officers, employees, volunteers and the management company shall not disclose or use any information relating to the business of Nepenthe to the detriment of Nepenthe or for their personal profit or advantage or the personal profit or advantage of their Family Member(s).
- 5. **Administration of Policy.** Each Board member, staff, volunteer, and employees of the management company shall be provided with and asked to review a copy of this Policy and to acknowledge in writing that he or she has done so.
 - a. Annually each director, officer, employee, volunteer and employees of the management company shall complete a disclosure form identifying any relationships, positions or circumstances in which he or she is involved that he or she believes could contribute to a Conflict of Interest.
 - b. This policy shall be reviewed annually by the Board of Directors. Any changes to the policy shall be communicated to all staff and volunteers and the management company.
 - c. A copy of such written acknowledgment shall be maintained in the Nepenthe offices and delivered electronically to the President

Acknowledgement of Conflict of Interest Policy. The undersigned hereby acknowledges that he or she has read the Nepenthe Conflict of Interest Policy, has had an opportunity to ask any questions that he or she may have about the policy, and understands and agrees to comply with the policy.

Signature

Date

Print Name

Title