Conflict of Interest Policy

For Snowpity, Inc.

# Purpose of Policy

This Conflict of Interest Policy is designed to help Directors, Officers, employees, and volunteers of Snowpity, Inc. (hereinafter referred to as the Organization), to identify situations that present potential Conflicts of Interest and to provide the Organization with a procedure that, if observed, will allow a Transaction or Arrangement to be treated as valid and binding even though a Director, Officer, employee, or volunteer has or may have a Conflict of Interest with respect to the Transaction or Arrangement. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in federal or state law, the law shall control.

# Definitions

## Interested Person

Any Director, Officer, employee, volunteer, or member of a committee who has a direct or indirect Financial Interest, as defined below, is an *Interested Person*.

## Interested Family Member

The individuals who are related to an Interested Person in any of the following manners is considered an *Interested Family Member*: a) spouse, b) domestic partner, c) parent, d) child, e) spouse of a child, f) sibling, or g) spouse of a sibling.

## Transaction or Arrangement

A *Transaction or Arrangement* consists of any agreement or relationship involving: a) the sale or purchase of goods, services, or rights of any kind; b) the providing or receipt of a loan or grant; or c) the establishment of any other type of pecuniary relationship by the Organization. The making of a gift to the Organization is not a transaction or arrangement within the meaning of this document.

## Financial Interest

A person has a *Financial Interest* if the person has, directly or indirectly, through business, investment, or family:

1. an ownership or investment interest in any entity with which the Organization has a Transaction or Arrangement;
2. a compensation arrangement with the Organization or with any entity or individual with which the Organization has a Transaction or Arrangement; or
3. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a Transaction or Arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a Conflict of Interest. Under Article III, Section 2, a person who has a Financial Interest may have a Conflict of Interest only if the Board of Directors or appropriate committee decides that a Conflict of Interest exists.

## Conflict of Interest

For purposes of this policy, any of the following circumstances shall be deemed to create a potential *Conflict of Interest*:

1. A Transaction or Arrangement between the Organization and an Interested Person or Interested Family Member
2. A Transaction or Arrangement between the Organization and an entity in which an Interested Person or Interested Family Member has a Financial Interest or of which such person is a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.
3. An Interested Person competing with the Organization in the rendering of service or in any other Transaction or Arrangement with a third party.
4. An Interested Person having a Financial Interest in an entity or individual that competes with the Organization in the provision of services or in any other Transaction or Arrangement with a third party
5. An Interested Person serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of or a consultant to an entity or individual that competes with the Organization in the provision of services or in any other Transaction or Arrangement with a third party.
6. An Interested Person that accepts gifts, entertainment, or other favors from any individual or entity that:
   1. does or is seeking to do business with or is a competitor of the Organization;
   2. has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from the Organization;
   3. is a charitable organization; or
   4. 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 duties (this does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular Transaction or Arrangement of the Organization).

# Procedures

## Duty to Disclose

1. In connection with any actual or possible Conflict of Interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Directors and members of committees considering the proposed Transaction or Arrangement. Such disclosure shall be made as soon as the Conflict of Interest is known to the Interested Person. The Interested Person shall refrain from any action that may affect the participation of the Organization in such Transaction or Arrangement.
2. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chairpony of the Board or the Chairpony’s designee, who shall determine whether there may exist a Conflict of Interest that must be disclosed per this policy.

## Determining Whether a Conflict of Interest Exists

After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he shall not participate in further discussion of the matter except to respond to questions. Such person shall not attempt to exert personal influence with respect to the matter, either at or outside the meeting. The remaining Board or committee members shall decide if a Conflict of Interest exists.

## Procedures for Addressing the Conflict of Interest

1. An Interested Person may make a presentation at a Board of Directors or committee meeting, but after the presentation he shall not participate in further discussion of the matter and shall not participate in the vote on the Transaction or Arrangement involving the possible Conflict of Interest. Such a person’s ineligibility to vote shall be reflected in the minutes of the meeting.
2. The Chairpony of the Board of Directors or chairman of the 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 of Directors or committee 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.
4. If a more advantageous Transaction or Arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the Board of Directors or committee shall determine by a majority vote of the disinterested members whether the Transaction or Arrangement is in the Organization’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.

## Violations of the Conflict of Interest Policy

1. If the Board of Directors or committee has reasonable cause to believe a member has failed to disclose an actual or possible Conflict of 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.
2. If, after hearing the member’s response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the member has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

# Records of Proceedings

The minutes of the Board of Directors and all committees with powers delegated by the Board of Directors 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 decision of the Board of Directors or committee 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.

# Compensation

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member’s compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member’s compensation.
3. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

# Confidentiality

Each Interested Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might adversely affect the interests of the Organization. Furthermore, an Interested Person shall not disclose or use information relating to the business of the Organization for the personal profit or advantage of the Interested Person, an Interested Family Member, or the Interested Person’s company.

# Annual Statements

Each Director, Officer, employee, volunteer, and member of a committee shall annually sign a statement which affirms such person:

1. has received a copy of this Conflict of Interest policy,
2. has read and understands the policy,
3. has agreed to comply with the policy, and
4. understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

# Periodic Reviews

To ensure the Organization operates in a manner consistent with 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 goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or an excess benefit transaction.

# Use of Outside Experts

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