

FAMM CONFLICT OF INTEREST POLICY

Purpose

The purpose of the conflicts of interest policy is to protect FAMM's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of FAMM. This policy is intended to supplement but not replace any applicable laws of the District of Columbia, any state, or the United States, governing conflicts of interest applicable to nonprofit and charitable corporations.

Definitions

1. Interested Person

Any director, principal officer, or member of a committee with board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family –

- an ownership or investment interest in any entity with which FAMM has a transaction or arrangement, or
- a compensation arrangement with FAMM or with any entity or individual with which FAMM has a transaction or arrangement, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which FAMM is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

3. Family includes any degree of familial connection known to the person, and includes someone who is a lover or domestic partner.

Procedures

1. Duty to Disclose

- In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.
- The chair of the board or any committee, at the commencement of consideration of any proposed transaction or arrangement, shall ask of the board or the committee, "Do any of you have any financial interest in the transaction or arrangement we are about to consider? If in the course of our consideration, you realize that you may have any financial interest, please bring it to our attention as soon as possible."

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, the interested person shall leave the board or committee meeting while the financial interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- 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.
- After exercising due diligence, the board or committee shall determine whether FAMM can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction or arrangement is *not reasonably attainable* under circumstances that *would not give rise to a conflict of interest*, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is:
 - in FAMM's best interest, and
 - for its own benefit, and
 - fair and reasonable to FAMM; and
 - shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of Conflicts of Interest Policy

- If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member for the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take disciplinary and corrective action.

Records of Proceedings

The minutes of the board and all committees with board-delegated powers shall contain –

- 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.
- the names of the persons who were present for discussions and votes relation 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 any alternative.

Compensation committees

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FAMM for services is precluded from voting on matters pertaining to that member's compensation.

Annual Statements

Each director, principal officer and member of a committee with board-delegated powers shall annually sign a statement which affirms such person –

- has received a copy of the conflicts of interest policy;
- has read and understands the policy;
- has agreed to comply with the policy;
- understands that FAMM is a charitable organization and that 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 that FAMM operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether the compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- Whether any services result in inurement or impermissible private benefit.
- Whether arrangements with vendors and other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further FAMM's charitable purposes, and do not result in inurement or impermissible private benefit.

Use of outside experts

In conducting periodic reviews, FAMM may, but need not, use outside advisors. If outside advisors are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.