

CONFLICT OF INTEREST POLICY

(Amended May 5, 2009)

Rose Community Foundation's Board of Trustees recognizes that any real or perceived conflict of interest with regard to the Board of trustees or any of the Foundation's employees, committee members or consultants could severely impair the integrity and charitable activities of the Foundation. The Board recognizes that the potential for such conflict exists. It is, therefore, the policy of the Board to avoid all conflicts of interest and appearances of conflict of interest. It is the Board's objective to establish this policy statement as a guide for the Foundation's standard of conduct with regard to potential conflicts of interest.

For the purposes of this policy, an "Affiliated Individual" is defined as any individual who, by the nature of his or her position with the Foundation (whether as a trustee, employee, committee member or consultant), has the ability to influence decisions within the Foundation.

All decisions by an Affiliated Individual are to be made solely on the basis of the desire to promote the best interests of the Foundation. Any effort by any Affiliated Individual to realize personal gain other than as compensation set through established processes is in violation of the Board's policy.

The mere existence of a duality or conflict of interest between an Affiliated Individual and the Foundation does not automatically preclude the Affiliated Individual from participating in the governance of the Foundation. It is recognized that it is not possible, or perhaps even desirable, to eliminate or avoid all conflicts of interest by disqualification from service to the Foundation. However, service to the Foundation carries with it a duty of loyalty and fidelity to the Foundation. It is the responsibility of each Affiliated Individual to govern and manage the Foundation's interests and affairs honestly and economically, exercising his or her best efforts, care, skill and judgment for the benefit of the Foundation.

Fundamental to this issue are two basic principles: (1) full disclosure of potential conflicts of interest (as described in paragraph 1 below), and (2) where a conflict of interest exists, abstention from any action by or on behalf of the Foundation.

1. Disclosure of Potential Conflicts of Interest

Each Affiliated Individual shall annually complete a disclosure form identifying any situation which, to the best of his or her knowledge, is a potential conflict of interest as evidenced by a relationship, personal investment, contribution, employment or other significant interest which he or she or his or her spouse or partner has in or with: (1) any charitable organization in Colorado, (2) any organization that might furnish goods or services to the Foundation, or (3) any investment, investment manager or investment vehicle used by the Foundation. A relationship shall include any directorship, trusteeship, or office in an organization. Any such relationships, personal investments, employment or other significant interests are considered conflicts of interest.

An additional disclosure statement shall be filed whenever any new conflict of interest arises with respect to an Affiliated Individual. Any new Affiliated Individual shall be advised of the provisions of this policy and must comply with the policy immediately upon the assumption of his or her responsibilities. The President and CEO, and the Chair of the Board of Trustees shall approve the disclosure forms. Additional disclosure requirements are set forth below with respect to certain transactions involving a conflict of interest (a “Conflicting Interest Transaction”).

2. Conflicting Interest Transactions Involving Grants

If an Affiliated Individual becomes aware that the Foundation is deciding whether to make a grant or financially assist grantseekers with respect to which he or she has a conflict of interest, the Affiliated Individual shall:

- (i) immediately disclose the conflict of interest to the person to whom disclosure is required to be made pursuant to paragraph 3;
- (ii) not be counted in determining a quorum with respect to the decision; and
- (iii) not be entitled to vote on the decision.

If a Trustee is employed by a grantee, the Trustee may not serve as chair or member of the grantmaking committee responsible for reviewing such grantee’s grant requests. The requirements of this policy shall not be construed as preventing an interested Affiliated Individual from briefly stating a position in the matter nor answering any pertinent questions concerning which he or she may have knowledge; provided, however, an Affiliated Individual shall not be present during the time such matter is discussed to allow more rigorous and less inhibited discussion. Such Affiliated Individual shall leave the meeting temporarily after making any such requested comments and shall return only after board or committee action has been taken on such grant proposal.

The minutes of the meeting shall reflect the Affiliated Individual’s disclosure, abstention and absence. In addition, in the case of certain conflicts described in paragraph 4, details of the procedures followed in such case shall be provided to the appropriate person identified in paragraph 4 for a determination of whether the Foundation’s conflict procedures were followed.

3. Persons to Whom Disclosure is Required to be Made

In the case of a Conflicting Interest Transaction involving a grant, if the amount of the proposed grant is:

- (i) less than \$15,000, and therefore reviewed by program staff, the Affiliated Individual shall disclose the conflict of interest to the President and CEO;
- (ii) at least \$15,000 but less than \$100,000 and, therefore, reviewed by a committee, the Affiliated Individual shall disclose the conflict of interest to the chair of the reviewing committee; and
- (iii) at least \$100,000 and, therefore, reviewed by the full Board, the Affiliated Individual shall disclose the conflict of interest to the Chair of the Board.

4. Persons Who Must Determine Whether the Conflict Procedures Were Followed

In the case of a Conflicting Interest Transaction described:

- (i) in paragraph 3(i), only when the President and CEO is the Affiliated Individual, a detailed description of the procedures followed pursuant to this policy statement shall be provided to the Chair of the Board, who shall determine whether the described procedures satisfied the requirements of this policy statement;
- (ii) in paragraph 3(ii), only when the committee chair is the Affiliated Individual, a detailed description of the procedures followed pursuant to this policy statement shall be provided to the Chair of the Board, who shall determine whether the described procedures satisfied the requirements of this policy statement;
- (iii) in paragraph 3(iii), only when the Chair of the Board is the Affiliated Individual, a detailed description of the procedures followed pursuant to this policy statement shall be provided to another Trustee selected by all of the Trustees other than the Chair of the Board, which other trustee shall determine whether the described procedures satisfied the requirements of this policy statement.

5. Conflicting Interest Transactions with Vendors

The Foundation shall not participate in any transaction involving an expenditure in excess of \$5,000 with a supplier of goods or services in which any Affiliated Individual has an interest (an "Affiliated Firm") without the specific approval of the Board. An interest shall include an interest as an employee, officer, director, shareholder, partner or owner and shall include an interest of his or her spouse or partner.

Prior to the Foundation conducting any business with an Affiliated Firm, the Board must approve such engagement. The fees or charges from such Affiliated Firm shall be fair, reasonable and competitive within the marketplace. In addition, the Affiliated Individual shall take no part in the decision-making process to select such Affiliated Firm as set forth in paragraph 2.

6. Conflicting Interest Transactions Involving Investments

If an Affiliated Individual who has the ability to influence decisions within the Investment Committee would receive a pecuniary gain or other advantage from the results of a vote of the Investment Committee, or if there is a conflict of interest or appearance thereof related to a decision of the Investment Committee, the Affiliated Individual shall:

- (i) immediately disclose the conflict of interest to the chair of the Investment Committee;
- (ii) not be counted in determining a quorum with respect to the decision; and
- (iii) not be entitled to vote on the decision.

The requirements of this policy shall not be construed as preventing an interested Affiliated Individual from briefly stating a position in the matter nor answering any pertinent questions concerning which he or she may have knowledge; provided, however, an Affiliated Individual shall not be present during the time such matter is discussed to allow more rigorous and less inhibited discussion. Such Affiliated Individual shall leave the meeting temporarily after making any such requested comments and shall return only after committee action has been taken on such matter.

The minutes of the meeting shall reflect the Affiliated Individual's disclosure, abstention and absence. In addition, when the Affiliated Individual is the Investment Committee Chair, a detailed description of the procedures followed pursuant to this policy statement shall be provided to the Chair of the Board, who shall determine whether the described procedures satisfied the requirements of this policy statement.

7. Conflicts Generally

As a general rule, Trustees will avoid meeting individually with grantseekers whenever possible to forestall pressures that often result. The Board as a whole (or a committee of the Board) does not meet with grantseekers unless such a meeting is requested by the Board for a particular purpose, e.g., discussion of a special project initiated by the Foundation.

Additionally, the acceptance of gifts, excessive entertainment, or other favors by an Affiliated Individual from any outside concern that does, or is seeking to do, business with the Foundation, under circumstances from which it might be inferred that the benefit was intended to or could influence the Affiliated Individual in the performance of his or her Foundation duties, is prohibited. This does not include the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and not related to any particular transaction or activity of the foundation.

8. Failure to Comply

If any Affiliated Individual fails to comply with the terms or conditions of this Conflict of Interest Policy, the Board shall take appropriate action, which may include removal or dismissal from the position(s) at the Foundation held by the Affiliated Individual.

9. Audit Committee Review

A detailed, written description of each conflict of interest and the procedures followed to clear the conflict shall be provided semi-annually to the Audit Committee for review.

On an annual basis, the Audit Committee shall make a report to the Board of Trustees with respect to all then current and material, actual or potential conflicts of interest known to them, and of any actions that have been taken or that they recommend be taken to ensure compliance with this policy.