



A SOLUTION TO THE PROSTHETIC NEED THAT PLAGUES THE WORLD'S POOR

Conflicts of Interest Policy

1. Reason for Policy

As a nonprofit, tax-exempt entity, Hope To Walk has been organized for public benefit and depends on grants, charitable contributions, and other forms of public support. This organization, therefore, has a mandate to at all times promote public, not private, interests, and to avoid conflicts of interest. The Internal Revenue Service as well as state corporate, tax, and consumer protection officials view the operations of nonprofit organizations akin to a public trust, with legally enforceable accountability to both governmental authorities and members of the public.

2. Summary of Policy

Any possible conflict of interest on the part of a Director, officer, or management employee shall be fully and promptly disclosed to the President or Secretary, who shall promptly investigate the facts and report to the Board as a matter of record. Disclosure shall be made as soon as a Decision Maker (as defined in Section 3 below) discovers a personal or other entity interest which could affect the activities, programs, property, employees or services of this organization, or any matter or transaction potentially requiring Board action. Further, each Decision Maker shall annually complete the Annual Conflicts of Interest Questionnaire (Attachment A) confirming that all conflicts and potential conflicts existing during the previous year, or currently existing, have been disclosed.

When a possible conflict has been disclosed, the Board shall determine whether a conflict actually exists and whether it is material. Where a material conflict exists, the Board shall determine whether the contemplated transaction or other conflicting involvement may be authorized as just, fair and reasonable as to the organization. The decisions of the Board on these matters will be guided by independent counsel as appropriate, and their guiding principle shall be the integrity and best interests of this organization and the advancement of its purposes.

Between the general public and this organization and its Decision Makers, there exists a fiduciary duty which carries with it a broad and unbending duty of loyalty. The Decision Makers have the responsibility to administer the affairs of this organization honestly and prudently, and to exercise their best care, skill and judgment for the sole benefit of this organization. These persons shall exercise the utmost good faith in all transactions related to their duties, and they shall not use their positions with this organization or knowledge gained therefrom for their personal benefit. The best interests of this organization must always have the first priority. All transactions must only be approved if they secure for this organization full competitive advantages as to product, service and price, and contains no material element of private benefit.



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3. Persons Concerned

This policy is directed not only to Directors and officers, but to all employees who can influence the actions of this organization or its Board or make commitments on their behalf ("**Decision Makers**"). For example, this would include all who make purchasing decisions, all other persons who might be described as "management personnel," and all who have proprietary information concerning the organization.

4. Areas in Which Conflicts May Arise

Conflicts of interest may arise with third party entities whenever a Decision Maker is wearing a second hat of responsibility, either personally or with another organization. These conflicts occur in a multitude of contexts. Here are a few examples:

- Persons or entities supplying goods and services to this organization.
- Persons or entities from whom this organization leases property, equipment, and staff.
- Persons or entities with whom this organization is dealing or planning to deal in connection with the donation, purchase or sale of real estate, securities, or other property.
- Persons or entities paying honoraria or royalties for products or services delivered by this organization or its agents or employees.
- Other nonprofit or for-profit organizations pursuing possible affiliation or collaboration for a transaction, project or ongoing program.
- Foundations, government grantors or contractors, corporations, or others supporting the organization.
- Agencies, organizations and associations that monitor, regulate, or otherwise affect the operations of this organization.

5. Nature of Conflicting Interests

A material conflicting interest is defined as an interest, direct or indirect, between a Decision Maker and any other person or entity (such as those examples mentioned in Section 4) which might affect or influence or might reasonably be thought by others to affect or influence, the judgment or conduct of a Decision Maker of this organization. As examples, direct interests might arise through:

- Owning stock or holding debt or other proprietary interests in any third party dealing with this organization or its affiliate.¹

¹ An affiliate is any entity (whether nonprofit or for-profit) (1) which this organization directly or indirectly owns or controls 20% or more of the voting stock, voting membership rights, or governing board, or which directly or indirectly owns or controls a similar 20% or more of this organization, or (2) which has a



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- Investing in a business in which this organization or an affiliate holds an interest that reasonably could affect the value of the individual's investment.
- Investing in a non-publicly traded business in which the Decision Maker either owns 5% or more of the voting stock, or in any other way exercises effective influence of the business.
- Holding office, serving on the Board, participating in management or being otherwise employed (or formerly employed) in any third party dealing with this organization or its affiliate.
- Receiving any form of remuneration or benefit for services with respect to individual transactions involving this organization or its affiliate.
- Using this organization's or any affiliate's personnel, equipment, supplies, or resources, or good will for personal benefit, or for other than organization-approved activities, programs and purposes.
- Receiving personal gifts or loans from third parties dealing with this organization or its affiliate. (Receipt of any gift is disapproved except gifts of nominal value which could not be refused without discourtesy. No personal gift of money should ever be accepted.)
- Obtaining or possessing an interest in real estate, securities or other property that this organization or its affiliate might consider buying or leasing.
- Expending staff time during normal business hours for personal affairs or for other organizations, nonprofit or otherwise.
- Obtaining or reserving personal ownership or royalty interest in copyrights, trademarks or patents in which this organization or its affiliate has an interest.

6. Indirect Interests of Related Parties

Conflicting interests may also be indirect. A Decision Maker will be considered to have an indirect interest in another entity, transaction, or property if any of the following have an interest:

- A family member of a Decision Maker. (Family member is defined by the IRS for these purposes as spouses, brothers and sisters (by whole or half-blood), spouses of brothers and sisters (by whole or half-blood), ancestors, children, grandchildren, great grandchildren, and spouses of children, grandchildren, and great grandchildren.)
- An estate or trust of which Decision Maker or family member is a beneficiary, personal representative, or trustee.

principal purpose to benefit this organization, or (3) which is under common control with this organization.



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- An entity of which a family member of the Decision Maker is an officer, Director or employee, or in which the family member has ownership or other proprietary interests.
- A colleague or employee of a law firm, accounting firm, or other professional entity of which the Decision Maker or family member is an owner, employee, or otherwise affiliated.

7. Interpretation of This Statement of Policy

The relations listed in Section 4 potentially giving rise to areas of conflicting interests and the direct and indirect interests listed in Sections 5 and 6 are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is expected that each Decision Maker will recognize such areas and relation by analogy.

The fact that one of the interests described in Sections 5 and 6 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is sufficiently material to be of practical importance, or if material, is necessarily adverse to the interests of the organization. However, it is the policy of the Board that the existence of any of the interests described in Sections 5 and 6 shall be promptly disclosed and fully investigated before any transaction is consummated. It shall be the continuing responsibility of all Decision Makers to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make disclosures of all relevant facts and circumstances.

As soon as practical after a potential conflict is identified, disclosure should be made to the President (or if he or she is the one with the conflict, then to the Secretary), who shall promptly investigate and bring these matters to the attention of the Board. The Board shall then determine whether a conflict exists and whether it is material. Where a material conflict exists, the Board shall determine whether the contemplated transaction may be authorized as just, fair, reasonable, and in the best interest of the organization. The decisions of the Board on these matters will be guided by independent counsel as appropriate, and their guiding principle shall be the integrity and best interests of this organization and the advancement of its purposes.

The following describes the procedure that the Board should employ when dealing with a potential conflict of interest:

- (1) Any Board member having a possible conflict of interest on any matter shall not vote or use his or her personal influence on the matter and shall be recused from final discussion and voting after answering all Board questions and fully informing the Board of all pertinent detail.
- (2) The Chair 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 Corporation 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.



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(4) 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 or committee members whether the transaction or arrangement is in the Corporation's best interest and for its own benefit, and whether the transaction is fair and reasonable to the Corporation. The Board or committee shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(5) The Minutes of the Board will reflect all conflicts of interest disclosures and abstentions from voting and the existence of a quorum.

8. Annual Conflicts of Interest Questionnaire

To further promote and facilitate the full disclosure of potential and actual conflicts of interest, each Decision Maker shall complete the Annual Conflicts of Interest Questionnaire (Attachment A) upon appointment to the Board of the Corporation and at least once each year thereafter.

[Attachment A following]

Attachment A:

ANNUAL CONFLICTS OF INTEREST QUESTIONNAIRE

Hope To Walk (the “**Corporation**”) policy requires prompt disclosure of any actual or potential conflict of interest as soon as an individual becomes aware of such conflict. In furtherance of this policy, please complete and sign this questionnaire as an affirmation of the existence (whether or not previously disclosed) or nonexistence of any conflicts of interest.

If any statement below might reasonably be applicable to you at any time from 2010 to the present, please mark the "Yes" column, and give an explanation of the conflict of interest below. As you complete this questionnaire, please refer to the following definitions:

Material Conflict of Interest: As defined in Section 5 of the attached Conflicts of Interest Policy.

Related Party: As defined in Section 6 of the attached Conflicts of Interest Policy.

Affiliates: As defined in footnote 1 of the attached Conflicts of Interest Policy.

	<u>YES</u>	<u>NO</u>
1. I or a related party hold, directly or indirectly, a position of ownership, control, or financial interest in an outside entity from which the Corporation or its affiliate does business or otherwise has dealings.	<input type="checkbox"/>	<input type="checkbox"/>
2. I or a related party render or have rendered directive, managerial, or consultative services to, or am or have been an employee of, any outside entity that does business or otherwise has dealings with the Corporation or its affiliate.	<input type="checkbox"/>	<input type="checkbox"/>
3. I or a related party have accepted gifts, loans or benefits (totaling more than \$10), during the past year, from an outside entity that does, or is seeking to do business with the Corporation or its affiliate.	<input type="checkbox"/>	<input type="checkbox"/>
4. I have participated in management decisions concerning transactions that could personally benefit me or a related party. (If yes, please give full details below)	<input type="checkbox"/>	<input type="checkbox"/>
5. I or a related party have been indebted to the Corporation or its affiliate at some time during the above stated period. (If yes, please note below the nature, date, terms, and amount of indebtedness.)	<input type="checkbox"/>	<input type="checkbox"/>

	<u>YES</u>	<u>NO</u>
6. The Corporation or its affiliate has been indebted to me or a related party at some time during the above stated period. (If yes, please note below the nature, date, terms, and amount of indebtedness.)	<input type="checkbox"/>	<input type="checkbox"/>
7. I or a related party own an interest in a business in which the Corporation or its affiliate holds an interest that reasonably could affect the value of my interest or that of a related party's.	<input type="checkbox"/>	<input type="checkbox"/>
8. I or a related party have invested in a non-publicly traded business in which a Decision Maker of the Corporation or its affiliate either owns more than 5% of the voting stock, or in any way exercises control of the business.	<input type="checkbox"/>	<input type="checkbox"/>
9. I or a related party have obtained an interest in real estate, non-publicly traded securities or other property that the Corporation or its affiliate is considering, or may reasonably consider buying or leasing.	<input type="checkbox"/>	<input type="checkbox"/>
10. I or a related party am currently engaged in, or have been engaged in the last five years, in any transaction in which an economic benefit was provided to me or a related party, directly or indirectly, and the value of the economic benefit provided exceeded the value of consideration received by the Corporation or its affiliate (including the value of services performed) for providing such benefit.	<input type="checkbox"/>	<input type="checkbox"/>
11. I have used the Corporation or its affiliate's personnel, equipment, supplies, good will, or staff time for personal affairs or activities other than the Corporation or its affiliate-approved programs and purposes.	<input type="checkbox"/>	<input type="checkbox"/>
12. Please provide further explanation of any YES answers below. Also, include information on any other material conflicts of interest or related party transactions of which you are aware. Add additional sheets if necessary.		

CERTIFICATION

I have carefully read the attached Conflicts of Interest Policy and have accurately and fully completed this Annual Conflicts of Interest Questionnaire. In signing this certificate, I have considered not only the literal expression of the policy, but also its intent. I hereby certify that, *except as stated on the Questionnaire*, I do not, to the best of my knowledge, have any interests conflicting with the interests of this organization, nor do I have any relationship that may appear conflicting. If any situation should arise in the future which I think may involve a conflict of interest, I will promptly and fully disclose the circumstances to the President or Vice-President, directly or through my immediate superior.

_____	_____
(Date)	(Signature)

