CONFLICT OF INTEREST POLICY
KENNETH RAININ FOUNDATION

The Kenneth Rainin Foundation encourages its directors, officers, and employees, if any, to play an active role in the community by serving as board members or otherwise being involved with a wide spectrum of nonprofit organizations. This means that, from time to time, potential conflicts of interest or the appearance of such conflicts will inevitably arise. It is the Foundation’s policy to deal with such conflicts as openly as possible.

Here are some examples of conflicting involvements. This list is not complete, so you should not assume that a transaction or relationship falls outside this policy just because it is not described here.

- Foundation directors, officers, or employees, or their family members, serving as board members of applicant organizations.
- Foundation directors, officers, or employees, or their family members, being employed by, or doing business with, applicant organizations.
- Foundation directors, officers, or employees, or their family members, directly or indirectly doing business with the Foundation.

In the case of such conflicts or the appearance of a conflict, Foundation directors, officers, and employees are expected to disclose the relevant conflict before making any decisions as to which the actual or apparent conflict relates. Examples of decisions that can present actual or apparent conflicts of interest include the selection of Foundation grantees, vendors, employees, or service providers; the rate of compensation for those who provide services to the Foundation; and the price that the Foundation pays or charges when it buys or sells assets. A Foundation employee should disclose the relevant conflict to his or her supervisor. A director or officer should disclose the relevant conflict to the President or, if the conflict involves the President, to another Foundation officer.

Once such a disclosure is made, the Board of Directors (excluding the relevant disclosing director, if any) will determine if a director or officer has a potential conflict of interest. Should this be the case, the disclosing director or officer shall abstain from participation in the transaction other than to provide information of a technical nature or answer specific
questions that may be raised by the Board. If the disclosure involves an employee, that employee’s supervisor (subject to the ultimate supervision of the Board of Directors) shall determine whether a potential conflict of interest exists and, if so, the employee shall not participate in the transaction other than to provide information or answer specific questions that may be raised by the employee’s supervisor.

The Foundation’s executive director shall maintain a roster listing each director or officer and the organizations (i) on whose boards they or an immediate family member serve, (ii) by which they or an immediate family member are employed, or (iii) with which they or an immediate family member have a business relationship.

In addition, the Foundation will consult legal counsel for nonprofit matters before engaging in any transaction that directly or indirectly involves any person or organization fitting the legal definition of a disqualified person in order to avoid self-dealing. A disqualified person to the Foundation, under Internal Revenue Code Section 4946, is:

1. A director or officer of the Foundation, any person with responsibilities similar to those of a director or officer, or (in connection with any specific transaction) any employee with final authority or responsibility to bind the Foundation with regard to that transaction.

2. A substantial contributor to the Foundation.

3. An owner of more than 20% of the voting power of a corporation, the profits interest of a partnership, or the beneficial interest in a trust, which entity is itself a substantial contributor to the Foundation.

4. The spouse, ancestors, children, grandchildren, great-grandchildren, and the spouses of children, grandchildren, and great-grandchildren, of any individual described in Paragraph 1 through 3.

5. A corporation, partnership, or trust or estate in which persons described in Paragraphs 1 through 4 own more than 35% of the voting power, profits interest, or beneficial interest, respectively.

6. A government official.

The Foundation may only engage in a transaction with a disqualified person, directly or indirectly, if the transaction is not self-dealing within the meaning of Internal Revenue Code Section 4941 and if the transaction otherwise satisfies the requirements of this Conflict of Interest Policy.

This Conflict of Interest Policy supplements the Foundation’s Bylaws, including provisions relating to the approval of transactions in which a director has a material financial interest. The Foundation may only engage in such transactions in compliance with the Foundation’s Bylaws.