

**SINGLETON COMMUNITY SERVICES, INC.  
CONFLICT OF INTEREST POLICY**

**ARTICLE I  
PURPOSE**

The purpose of the Singleton Community Services, Inc. conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement, but not replace any applicable Arizona law governing conflicts of interest applicable to nonprofit and charitable corporations.

**ARTICLE II  
DEFINITIONS**

**1. Interested Person.** Any director, 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 –

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

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. 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 appropriate board or committee decides that a conflict of interest exists.

**ARTICLE III  
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 and all material facts to the directors and members of the committees with board delegated powers considering the proposed transaction or arrangement. An interested person who was a conflict of interest shall make a prompt and full disclosure of his or her interest to the board or committee before it acts on the applicable contract or transaction. The disclosure must include all relevant and material facts known to the interested person about the contract or transaction that might

reasonably be construed to be adverse to the Corporation's interest. An interested person shall annually disclose all interests that may lead to a conflict.

**2. 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 or she shall leave the board or committee meeting while the financial determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. The body to which the disclosure is made shall thereupon determine, by a vote of seventy-five percent of the votes entitled to vote, if the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, the interested person may not vote on or use his or her personal influence on, or participate in (other than to present factual information or to respond to questions), the discussions or deliberations with respect to the contract or transaction under consideration. The interested person may be counted in determining if a quorum is present but may not be counted when the board of directors or a committee of the board takes action on the transaction in question. The minutes of the meeting shall reflect the disclosure made, the vote thereon, the abstention from voting and participation, and whether a quorum was present.

### **3. Procedures for Addressing the Conflict of Interest.**

a. An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

b. 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.

c. 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.

d. 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 the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

### **4. Violation of the Conflicts of Interest Policy.**

a. 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 of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. 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 appropriate disciplinary and corrective action.

**ARTICLE IV  
RECORDS OF PROCEEDINGS**

The Minutes of meetings of the board of directors and all committees with board-delegated powers shall contain –

a. 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.

b. The names of persons who were present for discussion 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 therewith.

**ARTICLE V  
COMPENSATION**

A voting member of the board of directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

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

No voting member of the governing board 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.

**ARTICLE V  
COMPENSATION COMMITTEES**

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

**ARTICLE VI  
ANNUAL STATEMENTS**

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

- a. has received a copy of this conflicts of interest policy,
- b. has read and understands the policy,
- c. has agreed to comply with the policy, and
- d. understands that the Corporation is a charitable organization and that to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**ARTICLE VII  
PERIODIC REVIEWS**

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the board of directors will conduct periodic reviews. The periodic reviews shall, at a minimum include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- b. Whether any actions of the Corporation resulted in an inurement or impermissible private benefit.
- c. Whether all partnership and joint venture arrangements and other arrangements with any organization conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

**ARTICLE VIII  
USE OF OUTSIDE EXPERTS**

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

**SECRETARY'S CERTIFICATE**

I, the undersigned officer of Singleton Community Services, Inc., an Arizona nonprofit corporation (the "Corporation"), do hereby certify that the foregoing Conflict of Interest Policy is a true and correct copy of the Conflict of Interest Policy of the Corporation adopted by the affirmative vote of the Directors of the Corporation on September 30, 2010.

IN WITNESS WHEREOF, I have hereunto set my hand on September 30, 2010.

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Casey Schrum, Secretary