

Conflict of Interests and Ethics Policy

Of

LEAFS FOR WELLNESS FOUNDATION

A California Nonprofit Public Benefit Corporation

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ARTICLE 1 INTRODUCTION AND PURPOSE

Leafs for Wellness Foundation (the “Corporation”) requires its directors, officers, managers, employees and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Board of Directors (the “Board”) of the Corporation, recognizing that it is entrusted with resources devoted to charitable purposes, has adopted this Conflict of Interest and Ethics Policy (the “Policy”). The purpose of this 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 a director, officer or other person in a position of authority within the Corporation. The Corporation strives to avoid conflicts of interest to ensure that it continues to operate in accordance with its tax-exempt purpose. This Policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to nonprofit and charitable Corporations.

ARTICLE 2 DEFINITION

- Section 2.1 Interested Person
Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
- Section 2.2 Financial Interest
A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
- 2.2.1 Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
 - 2.2.2 A financial interest is not necessarily a conflict of interest.
 - 2.2.3 Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

ARTICLE 3 PROCEDURES

- Section 3.1 Duty to Disclose
In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
- Section 3.2 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/she shall leave the governing board or committee meeting while the 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.
- Section 3.3 Procedures for Addressing the Conflict of Interest

- 3.3.1 An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- 3.3.2 The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 3.3.3 After exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- 3.3.4 If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing 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, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Section 3.4 Violations of the Conflicts of Interest Policy

- 3.4.1 If the governing board or committee has reasonable cause to believe 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.
- 3.4.2 If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE 4 RECORDS OF PROCEEDINGS

Section 4.1 Minutes

The minutes of the governing board and all committees with board delegated powers shall contain:

- 4.1.1 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
- 4.1.2 The names of the persons who were present for discussions 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 with the proceedings.

ARTICLE 5 COMPENSATION

- Section 5.1 Compensation
- 5.1.1 A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member’s compensation.
- 5.1.2 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.
- 5.1.3 No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE 6 PERIODIC STATEMENTS

- Section 6.1 Signed Statement
- Each new director, principal officer and member of a committee with governing board delegated powers shall sign a statement which affirms such person:
- 6.1.1 Has received a copy of the conflicts of interest policy,
- 6.1.2 Has read and understands the policy,
- 6.1.3 Has agreed to comply with the policy, and
- 6.1.4 Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE 7 ANNUAL REVIEW

- Section 7.1 Review
- To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, an annual review shall be conducted. The annual review shall, at a minimum, include the following subjects:
- 7.1.1 Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm’s length bargaining.
- 7.1.2 Whether partnerships, joint ventures, and arrangements with management Corporations conform to the Corporation’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE 8 USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as 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 governing board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE 9 CODE OF ETHICS

In conducting business and activities which are connected with the Corporation, an Interested Person shall follow these guidelines:

Section 9.1 Ethical Conduct

Be honest and ethical in his or her conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships. An Interested Person should not engage in activities which have or may have the appearance of impropriety or conflict of interest, or that may call into question the actions or integrity of the Corporation, or of the Interested Person as he or she relates to the Corporation.

Section 9.2 Legal Compliance

Comply with applicable laws and regulations, including the California Nonprofit Integrity Act of 2004, and report his or her concerns to the appropriate person listed in Article III if it appears that any other director, officer, employee or contractor of the Corporation is not complying with applicable laws or regulations with respect to the Corporation's business.

Section 9.3 Confidentiality

Maintain the confidentiality of all internal information about the Corporation, including its donors, clients and beneficiaries, except when authorized or otherwise legally obligated to disclose such information.

Section 9.4 Good Faith and Fair Dealing

Deal fairly with the Corporation's staff, donors, volunteers, beneficiaries and suppliers. An implied covenant of good faith and fair dealing contains a general assumption of the law of contracts, that people will act in good faith and deal fairly without breaking their word, using shifty means to avoid obligations, or denying what the other party obviously understood.

Section 9.5 Protect Assets

Protect and ensure the proper use of the Corporation's assets, including, its name, goodwill, donor community and reputation.

Section 9.6 Personal Influence

Be mindful of the interaction between his or her relationships inside and outside of the Corporation, and not allow inappropriate personal influence over the affairs of the Corporation.

Section 9.7 Commitments

Do not "speak for" the Corporation or make or imply commitments by the Corporation without proper internal authorization and communication.

SUPPLEMENT - CONFLICT OF INTEREST DISCLOSURE FORM

The undersigned, as a director, manager, principal, officer, or member of a committee with governing board-delegated powers, of **Leafs for Wellness Foundation** (the “Corporation”), acknowledges that:

1. I have received a copy of the Corporation’s Conflict of Interest and Ethics Policy (the “Policy”);
2. I have read and understand the Policy;
3. I agree to comply with the Policy;
4. I understand the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes;
5. I have the following on-going relationships and interests that may present a conflict of interest:

If no conflicts, check box

Print Name: _____ Title: _____

Signature: _____

Date: _____