

Conflict of Interest

Purpose

The purpose of this policy is to protect HSLC's tax-exempt status and economic interests when it is entering into a transaction that could also benefit the private interest of a Board Member or Volunteer or that could result in a possible excess benefit transaction (when the economic benefit to an individual exceeds the value of the consideration received by HSLC). This policy is intended to supplement, not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit charitable organizations.

Procedures

1. Disclosure

In connection with any actual or possible conflict of interest, a Board Member or Volunteer must disclose the existence of any financial interest and be given the opportunity to disclose all material facts to the Board of Directors.

2. Determination of Whether a Conflict of Interest Exists

After disclosure of the material facts and a discussion with the Board Member or Volunteer, he/she shall leave the Board meeting while the determination of a conflict of interest is reviewed and voted upon.

3. Addressing a Conflict of Interest

- a. If a conflict of interest is determined to exist, the Board Member or Volunteer may make a presentation to the Board, but shall then leave the meeting to allow further discussion of the transaction.
- b. The Board may appoint a disinterested person or committee to investigate alternatives to the conflicting transaction.
- c. After exercising due diligence, the Board shall determine whether HSLC can obtain, with reasonable effort, a more advantageous transaction from a person or entity that would not cause a conflict of interest.
- d. If a more advantageous transaction is not reasonably possible, the Board shall determine by a majority vote of disinterested Directors whether the transaction or arrangement is in the best interest of HSLC. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. Addressing a Policy Violation

- a. If the Board has reasonable cause to believe that a Board Member or Volunteer failed to disclose actual or possible conflicts of interest, it shall inform that person of the basis for such belief and afford an opportunity to provide an explanation.
- b. In the event of failure to disclose an actual conflict of interest, the Board shall take appropriate corrective and disciplinary action up to and including termination of volunteer status.

Reporting

The Board Minutes shall contain:

- a. The name of the person who disclosed, or was otherwise found, to have a financial interest, the nature of the financial interest, any action taken to determine whether a conflict of interest exists, and the Board's decision.

b. The name 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.

Approved by HSLC Board of Directors
March 2014