



## JOSEPH JAMES MORELLI LEGACY FOUNDATION, INC. CONFLICT OF INTEREST POLICY

The Joseph James Morelli Legacy Foundation, Inc. (The Foundation) is a Utah non-profit corporation. As such, the Board of Directors of The Foundation expects that its employees, officers, directors, and volunteers will conduct the business of The Foundation in an ethical and professional manner, consistent with the principles of an organization founded by, and guided by, a philanthropic mission. In order to make such expectations clear, the Board of Directors has adopted the following policy:

### ARTICLE I: Purpose

The purpose of the Conflict of Interest Policy (The Policy) is to protect the interest of the Joseph James Morelli Legacy Foundation, Inc. (The Foundation) when it is contemplating entering into a transaction or agreement that might benefit the private interest of an officer, member of the Board of Directors, or committee member of The Foundation, or result in such individual receiving an excess benefit.

### ARTICLE II: Definitions

#### 1. Interested Person

Any member of the Board of Directors, officer, or committee member appointed by the Board of Directors of The Foundation who has a direct, or indirect financial interest, as defined below, is an interested person, or who has more than a passing acquaintance with any applicant for a scholarship grant to be awarded by The Foundation.

#### 2. Financial Interest

A person has a financial interest if the person has, directly, or indirectly:

- a. An ownership or investment interest in any entity with which The Foundation has, or is considering, a transaction or agreement.
- b. A compensation arrangement with The Foundation or with any entity or individual with which The Foundation has a transaction or agreement.
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which The Foundation is seeking to enter into a transaction or agreement.



3. Compensation

Direct or indirect remuneration, as well as benefits, or gifts or favors that are not insubstantial

ARTICLE III: Procedures

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 provided with an opportunity to disclose all material facts to the Board of Directors of The Foundation.

2. Determination

After disclosure of the financial interest and all material facts, the Board of Directors of The Foundation shall decide by majority vote whether a conflict of interest exists. If the interested person is a member of the Board of Directors, he or she shall be excused immediately after presentation of the facts, and shall not participate in any deliberation or vote.

3. Procedure For Addressing a Conflict of Interest

- a. If the Board of Directors determines that a conflict of interest exists, after exercising due diligence, the Board of Directors shall determine whether The Foundation can obtain with reasonable efforts a more advantageous transaction or agreement from a person or entity that would not give rise to a conflict of interest.
- b. If it is determined by the Board of Directors that a more advantageous transaction or agreement is not reasonably possible, The Board of Directors shall by a majority vote of disinterested directors whether the transaction or agreement is in The Foundation's best interest, for its own benefit, and whether it is fair and reasonable.

4. Violations of the Conflict of Interest Policy

- a. If the Board of Directors has reasonable cause to believe an officer, director, or committee member has failed to disclose actual or possible conflicts of interest, it shall inform such individual of the basis for such belief and afford such individual an opportunity to explain the alleged failure to disclose.



- b. If, after hearing such explanation, and after making such further investigation as is warranted, the Board of Directors determines that a conflict of interest has not been disclosed, it shall take appropriate disciplinary and corrective action.

#### ARTICLE IV: Records of Proceedings

The Minutes of any meeting of the Board of Directors at which a conflict of interest is discussed shall contain the following:

- a. The name of any person who disclosed or was otherwise found to have a conflict of interest
- b. The nature of the conflict of interest
- c. Any action taken
- d. The names of the persons present
- e. Whether any alternatives to the proposed transaction or agreement were considered.

#### ARTICLE V: Compensation

Any officer or member of the Board of Directors who receives compensation, directly or indirectly, from The Foundation for services rendered, or for reimbursement of any expense is precluded from participating or voting on such matters.

#### ARTICLE VI: Annual Statements

Each member of the Board of Directors, officer, ad member of a committee appointed by the Board of Directors shall annually sign a statement which affirms that such person has received, read, understands, and agrees to comply with this Policy, and understands that The Foundation is charitable, and must engage primarily in activities which are consistent with, and accomplish its tax exempt purposes.



#### ARTICLE VII: Periodic Reviews

To ensure that The Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted, which shall at a minimum include the following:

- a. Whether any compensation arrangements and benefits are reasonable, based upon competent survey information, and arm's length bargaining
- b. Whether any transactions or agreements into which The Foundation has entered conform to The Foundation's written policies, are properly documented, are reasonable, are in furtherance of charitable purposes, and don't result in inurement, impermissible benefit, or in excess benefits.
- c. Whether any part of the net earnings, or benefits associated with the Foundation has inured to the benefit of, or has been distributed to any volunteer, employee, officer, or director of The Foundation, unless done so in compliance with this Policy.

ADOPTED BY RESOLUTION OF THE BOARD OF DIRECTORS OF THE JOSEPH JAMES MORELLI LEGACY FOUNDATION ON NOVEMBER 2, 2018