

CONFLICT OF INTEREST POLICY

THE CEDARS OF MARIN

I. Purpose

The Cedars of Marin encourages the active involvement of its directors, officers, and employees in the community. In order to deal openly and fairly with actual and potential conflicts of interest that may arise as a consequence of this involvement, The Cedars adopts the following Conflict of Interest Policy.

II. Policy

Directors officers, and employees are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a director, officer, or employee and those of The Cedars. A conflict of interest exists when the loyalties or actions of a director, officer, or employee are divided between the interests of The Cedars and the interest of the director, officer, or employee. Both the fact and the appearance of a conflict of interest should be avoided.

III. Definitions

Affiliated, affiliation includes all direct and indirect financial interests between a director, officer, or employee and a person with whom The Cedars is considering entering into a financial transaction. It also includes any other interest that may influence the judgment of a director, officer or employee, including the existence of a family member of a director, officer or employee, who is a client of The Cedars. An objective test is applied to determine whether an affiliation exists between the director, officer, or employee and the other person: whether the involvement or relationship of the director, officer, or employee with the other person is such that it reduces the likelihood that the director, officer, or employee can act in the best interests of The Cedars.

Person means any individual, trust, estate, partnership, association, company or corporation.

Substantial influence over The Cedars. The following persons are deemed to have substantial influence over The Cedars: each member of the Board of Directors the officers of The Cedars, and such persons' spouses, ancestors, children, grandchildren, great grandchildren, brothers, sisters and the spouses of the children, grandchildren, great

grandchildren, brothers and sisters; and an entity in which such persons hold any meaningful degree of control.

IV. Procedures

Duty to Disclose

Each employee shall disclose to the Executive Director all material facts regarding the affiliation of such employee with any person with whom The Cedars is considering entering into a transaction. The employee shall make that disclosure promptly upon learning of the link between that person and the transaction.

The Executive Director and any other person with substantial influence over The Cedars shall disclose to the Board all material facts regarding his or her affiliation with any person with whom The Cedars is considering entering into a transaction. The Executive Director or person with substantial influence shall make that disclosure promptly upon learning of the link between that person and the transaction. If there is a question as to whether the employee has substantial influence over The Cedars, the Executive Director shall present this issue to the Board of Directors and the Board shall make the determination.

At any meeting of the Board at which a transaction involving an affiliated person will be considered, a director shall disclose to the members of the Board all material facts regarding the director affiliation with any person with whom the Board is considering entering into any transaction, or for whom The Cedars provides client services.

Determining Whether a Conflict of Interest Exists

With regard to an employee without substantial influence over The Cedars, the Executive Director shall determine whether a conflict of interest exists.

With regard to the Executive Director, or a person with substantial influence over The Cedars, the Board shall determine if a conflict of interest exists. After an affiliation disclosure by a director at a Board meeting, the director may be asked to leave the meeting while the implications of the affiliation are considered and voted upon. The remaining Board members shall determine if a conflict of interest exists.

Consequences of the Existence of a Conflict of Interest

With regard to an employee without substantial influence over The Cedars, the Executive Director shall decide the appropriate response by The Cedars once a conflict of interest has been determined to exist. An employee may appeal any adverse determination to the Governance Committee of the Board.

With regard to the Executive Director or a person with substantial influence over The Cedars, the Board shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

In the case of a director, if it is determined that a conflict of interest exists, the director may be asked to leave the meeting while the transaction is discussed and shall not vote on said transaction. The remaining Directors shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

V: Findings of the Board

If the Board of Directors determines that a person with substantial influence over The Cedars has a conflict of interest with regard to a transaction of The Cedars, The Cedars may engage in the transaction only if the following conditions are met prior to the approval of the transaction:

- A. Such person shall disclose to the Board all material facts concerning the person's affiliation with the transaction.
- B. The Board shall review the material facts. The transaction may be approved only if a majority of the Directors not counting the effected person, concludes that:
 - (1) The proposed transaction is fair and reasonable to The Cedars and
 - (2) The Cedars proposes to engage in this transaction for its own purposes and benefits and not for the benefit of such person, and
 - (3) The proposed transaction is the most beneficial arrangement which The Cedars could obtain in the circumstances with reasonable efforts.

The minutes of any meeting at which such a decision is taken shall record the nature of the affiliation and the material facts disclosed by such person and reviewed by the the Board.

VI: Annual Statements

Each person who is deemed to have substantial influence over The Cedars shall sign an Annual Disclosure Statement which affirms that (1) the person has received a copy of this

Conflict of Interest Policy, (2) has read and understood the Policy, (3) has agreed to comply with the Policy, and (4) discloses any direct or indirect affiliations.

All Annual Disclosure Statements shall be submitted to the Secretary of The Cedars and filed with the minutes of the annual business meeting of the Board of Directors held each year.

VII: Remedies

Any director who fails to comply with this Conflict of Interest Policy may, in the discretion of the Board of Directors be censured or removed from the Board. If an officer or employee who is deemed to have substantial influence over The Cedars fails to comply with this Conflict of Interest Policy, he or she may be put on notice or terminated, at the discretion of the Board of Directors Any other employee who fails to comply with this Conflict of Interest Policy may be put on notice or terminated, at the discretion of the Executive Director.

VIII: Periodic Reviews

To ensure that The Cedars operates in a manner consistent with its charitable purposes and its status as an organization exempt from federal income tax, the Board shall authorize and oversee a periodic review of the administration of this Conflict of Interest Policy. The review may be written or oral. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved.

ANNUAL AFFIRMATION AND DISCLOSURE STATEMENT

THE CEDARS

The Conflict of Interest Policy of The Cedars requires an annual affirmation that you have received, read, understand, and agree to comply with the Conflict of Interest Policy. In addition, the Policy requires that you annually disclose (1) your affiliations with any organization with which The Cedars may have a financial relationship, and (2) persons with whom you have a close relationship (such as a family member or close companion) who are affiliated with any organization with which The Cedars may have a financial relationship.

Please disclose any applicable affiliations known to you and then sign this statement and disclosure and return it to Cedars' Executive Director each year. Directors should complete the affirmation and return it to the ED at the annual meeting, typically held in February. All others should complete it and return it by January 31.

Your name: _____ Date: _____

Business/Organization Nature of Relationship Dates of Relationship

Reviewed by: _____

Date: _____