



Little Longears Miniature Donkey Rescue Conflict of Interest Policy

Adopted by the Board of Directors on March 18, 2020

The purpose of the conflict of interest policy is to protect the interest of Little Longears Miniature Donkey Rescue (LLMDR, or the Rescue) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, volunteer, or employee; or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

1. Interested Person

Any director, officer, volunteer, or employee, 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 LLMDR has a transaction or arrangement,
- b.** A compensation arrangement with LLMDR or with any entity or individual with which the Rescue 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 Rescue is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Procedures

1. Duty to Disclose

In connection with any actual or perceived conflict of interest, an interested person must disclose the existence of the financial interest or conflict and be given the opportunity to disclose all material facts to the Board of Directors.

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 Board of Directors meeting while the determination of a conflict of interest is discussed and voted upon. The Board of Directors shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation to the Board of Directors, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote upon, the transaction or arrangement involving the possible conflict of interest.

b. The Board of Directors shall, if appropriate, appoint a disinterested person or volunteer committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board of Directors shall determine whether the Rescue 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.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors shall determine by a simple majority vote of the disinterested directors whether the transaction or arrangement is in the Rescue'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.

4. Violations of the Conflicts of Interest Policy

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

b. If, after hearing the individuals' response and after making further investigation as warranted by the circumstances, the Board of Directors determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.