

**The Kids First Fund, Inc.**  
**Conflict of Interest Policy**  
**Dated April 15, 2007**

**Article I**  
**Purposes**

The purposes of this Conflict of Interest Policy (“Policy”) are to:

1. Ensure that the directors and officers of The Kids First Fund (“KFF”) act in the best interest of KFF, rather than in furtherance of personal interests or the interests of third parties, and
2. Protect KFF’s interest when it is contemplating a transaction or arrangement that might benefit the private interest of an officer or director of KFF 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.

**Article II**  
**Definitions**

1. *Interested Person.* Any KFF director or officer 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 KFF has, or is considering, a transaction or arrangement.
  - b. A compensation arrangement with KFF or with any entity or individual with which KFF is negotiating a transaction or arrangement.
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which KFF is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or factors that are not insubstantial. Compensation by KFF of its directors and officers is prohibited. However, if requested, KFF shall reimburse a director or officer for any expenses he or she incurs on behalf of KFF and which are substantiated by a written receipt or by any other format acceptable to the board of directors.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2 of this Policy, a person who has a financial interest may have a conflict of interest only if the appropriate KFF board of directors decides that a conflict of interest exists.

### **Article III Disclosure**

1. *Duty to Disclose.* In connection with any 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 KFF board of directors. The interested person's disclosure may be made in person at a director meeting or may be made in written or electronic form, provided all directors receive a copy of the communication in a timely manner.
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 or she shall leave the KFF board of directors meeting while the determination of a conflict of interest is discussed and voted upon. The remaining directors shall decide if a conflict exists. If the determination is made in a forum other than an in person meeting, the interested person shall not be privy to any discussion or vote until such time as the board determines it has made a decision and is prepared to share it with the interested person.
3. *Procedures for Addressing a Conflict of Interest.*
  - a. An interested person may make a presentation at the board of directors meeting or if no meeting is scheduled, the interested person may address a conflict of interest in written or electronic form, provided all directors receive a copy of the communication in a timely manner; however, after that presentation, he or 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 chairperson of the board shall, if appropriate, be authorized to appoint a disinterested person or committee to investigate the alternatives to the proposed transaction or arrangement.
  - c. After exercising due diligence, the board of directors shall determine whether KFF can obtain with reasonable efforts a more favorable transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - d. If a more favorable transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, then the board of directors shall determine by majority vote of the disinterested directors whether the transaction or arrangement is in KFF's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the board shall decide whether to enter into the transaction or arrangement.
4. *Violations of the Conflict of Interest Policy.*
  - a. If the board of directors has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, then the board shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
  - b. If after hearing the member's response and after making further investigation as the circumstances warrant, the board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Article IV**  
**Records of Proceedings**

The minutes of the board of directors, including action taken by a consent resolution of the board and without a meeting, shall contain:

1. The names and 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 by the board to determine whether a conflict of interest was present, and the board's decision as to whether a conflict in fact existed.
2. The names of the persons who were present for discussions and votes 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 V**  
**Annual Statements**

Each director and officer shall sign a statement annually, which affirms that such person:

1. Has received a copy of this Conflict of Interest Policy,
2. Had read and understands the Policy,
3. Has agreed to comply with the Policy, and
4. Understands that KFF is a charitable organization and in order to maintain its federal tax-exempt status it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**Article VI**  
**Periodic Reviews**

To ensure KFF operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the board or an officer delegated by the board shall conduct periodic reviews. The periodic reviews shall include, at a minimum, the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arms-length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to KFF'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 VII**  
**Use of Outside Experts**

When conducting periodic reviews set forth in Article VI, KFF may but need not use outside advisors. Use of outside advisors shall not relieve the board of directors of its responsibility for ensuring periodic reviews are conducted.