

CONFLICT OF INTEREST POLICY
OF
MOJAVE DESERT HERITAGE AND CULTURAL ASSOCIATION

ARTICLE 1. INTRODUCTION AND PURPOSE

Mojave Desert Heritage and Cultural Association (“MDHCA” or the “Corporation”) requires its directors, officers, employees and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Board of Directors (the “Board”) of the Corporation, recognizing that it is entrusted with resources devoted to charitable purposes, has adopted this Conflict of Interest Policy (the “Policy”). The purpose of this Policy is to protect the Corporation’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or other person in a position of authority within the Corporation. The Corporation strives to avoid conflicts of interest to ensure that it continues to operate in accordance with its tax-exempt purpose. This Policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

ARTICLE 2. DEFINITIONS

1. Duty of Loyalty of Interested Persons

Conflicts of interest can place personal interests at odds with the fiduciary “duty of loyalty” owed to the Corporation. The duty of loyalty requires that a director, manager, principal, officer, or member of a committee with governing board-delegated powers (each, an “Interested Person”), refrain from using his or her position for personal gain, and avoid acting on issues in which his or her personal or financial interests could conflict with the interests of the Corporation.

2. Direct and Indirect Conflicts of Interest

Conflicts of interest arise from personal relationships or from a financial interest. Conflicts can arise either directly or indirectly. A direct conflict can arise where an Interested Person has a personal or financial interest in any matter involving the Corporation or has a financial or agency relationship (i.e., is a director, officer, manager, partner, associate, trustee or has a similar agency relationship) with an entity involved in a transaction or other business with the Corporation. An indirect conflict can arise where someone related to an Interested Person by business affiliation, or a “Family Member” (spouse, parents-in-law, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren) of the Interested Person has dealings with the Corporation. By way of example, an Interested Person has a financial interest if such person has, directly or indirectly, through business, investment or a Family Member:

- (a) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- (b) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation 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 Corporation is negotiating a transaction or arrangement.

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

3. Potential and Actual Conflicts of Interest

Acts that mix the personal or financial interests of an Interested Person with the interests of the Corporation are indicative of a conflict of interest. Not every potential conflict is an actual conflict, however. An Interested Person who has a financial interest in a matter involving the Corporation may have a conflict of interest requiring application of the mitigating procedures described in this Policy only if the appropriate party designated in Article 3 decides that such a potential conflict of interest is actual or material. However, acts that even have the appearance of a conflict of interest can be damaging to the reputation of the Corporation. Consequently, the Corporation seeks to avoid potential and actual conflicts of interest, as well as the appearance of conflicts.

4. Activities that May Present a Conflict of Interest

The following is a non-exclusive list of the types of activities that may present a conflict of interest and should be disclosed in accordance with Article 3.

a. Adverse Interest

Participation by an Interested Person in decisions or negotiations related to a contract, transaction or other matter between the Corporation and: (i) the Interested Person; (ii) an entity in which the Interested Person or a Family Member of such person has financial interest; or (iii) an entity with which the Interested Person has an agency relationship.

b. Competing Interests

Competition by an Interested Person, either directly or indirectly, with the Corporation in the purchase or sale of property or property rights, interests, or services, or, in some instances, competition directly for the same donor or external resources.

c. Use of Resources

Use of the Corporation's resources (for example, staff, contracts, donor lists, or name) for personal purposes of the Interested Person or a Family Member of such person.

d. Inside Information

Disclosure or exploitation by an Interested Person of information pertaining to the Corporation's business for the personal profit or advantage of such person or a Family Member of such person or a person/entity with whom the Interested Person has an agency relationship.

ARTICLE 3. PROCEDURES TO DISCLOSE AND RESOLVE CONFLICTS

1. Duty to Self-Disclose

(a) An Interested Person shall make an appropriate disclosure of all material facts, including the existence of any financial interest, at any time that any actual or potential conflict of interest arises. This disclosure obligation includes instances in which an Interested Person who is a director knows of the potential for a self-dealing transaction, or related to his or her interests.

(b) In addition, Interested Persons shall, in accordance with Article 5, make an annual disclosure of on-going relationships and interests that may present a conflict of interest.

2. Disclosure of Conflicts to Others

If an Interested Person becomes aware of any potential self-dealing or other conflict of interest involving another Interested Person, he or she should report it in accordance with the requirements of this Article 3.

3. Evaluation of Potential Conflict

(a) After disclosure of all material facts and any follow-up discussion with the Interested Person with a potential conflict of interest, a determination must be made about whether a material financial interest, self-dealing transaction or other kind of actual conflict exists. If the potential conflict is first disclosed during a Board meeting at which the Interested Person with the potential conflict is in attendance, the Interested Person shall leave the meeting while the determination of whether a conflict of interest exists is either discussed and voted upon. The Board will evaluate the disclosures by the Interested Person, and will determine on a case-by-case basis whether the disclosed activities constitute an actual conflict of interest. Factors the Board may consider when determining whether an actual conflict exists include (i) the proximity of the Interested Person to the decision-making authority of the other entity involved in the transaction, (ii) whether the amount of the financial interest or investment is de minimis relative to the overall financial situation of the Corporation, and (iii) the degree to which the Interested Person might benefit personally if a particular transaction were approved.

(b) If it is determined that an actual conflict of interest exists, then the transaction or matter in question can only be authorized if approved by the vote described in Section 5 after the Corporation has followed the procedures set forth in Section 4.

4. Procedures for Addressing a Conflict of Interest

Prior to voting on a contract, transaction or matter in which an actual conflict of interest is found to exist, the Board or Committee will follow the procedures described in this Section 4.

(a) The Interested Person may make a presentation at the Board meeting at which such transaction is being considered, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) The President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the Board shall determine whether the Corporation could 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 shall determine whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to enter into the transaction or arrangement by the vote described in Section 5.

5. Vote Required for Approval of Conflict Transaction

A transaction in which an actual conflict of interest exists must receive prior approval by a vote of a majority of the directors in office, without counting the vote of any interested director, and with knowledge of the material facts of the transaction and the involved director's interest.

6. Violations of the Conflicts of Interest Policy

(a) If the Board has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

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

ARTICLE 4. RECORDS OF PROCEEDINGS

If an individual reasonably believes that a Violation has occurred, the individual is encouraged to share his or her questions, concerns, suggestions or complaints with any person within the Corporation who may be able to address them properly.

The minutes of the Board meeting convened to consider a transaction subject to the mitigating procedures described in Article 3 shall contain:

- (a) The names of the Interested Persons who disclosed or whom otherwise were found to have a financial or other interest in connection with an actual or possible conflict of interest, the nature of the financial or other interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed.
- (b) The names 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.

ARTICLE 5. ANNUAL STATEMENTS

Each person subject to this Policy shall annually sign a statement on the conflict of interest disclosure form ("Conflict of Interest Disclosure Form," attached as Schedule 1) or such other form as the Board adopts, which at a minimum affirms that such person:

- (a) has received a copy of the Policy;
- (b) has read and understands the Policy;
- (c) has agreed to comply with the Policy; and
- (d) understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

In addition, Interested Persons shall make an annual disclosure of on-going relationships and interests that may present a conflict of interest. Disclosures should address current affiliations, as well as past affiliations for the prior two years. Conflict of interest disclosure forms will be submitted to the **Vice President** annually, and when appropriate, at or prior to action on relevant business transactions.