



Name of Policy: CONFLICT OF INTEREST

PURPOSE

The purpose of the conflict of interest policy is to protect the interests of the Lupus Foundation of America, Inc. (LFA) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, committee member, key employee, or consultant of the LFA 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.

An actual or potential conflict of interest occurs when an individual officer, director, committee member, key employee, or consultant of the LFA has a direct or indirect business, professional or personal relationship that might influence or that might be perceived to influence his or her judgment and decision-making ability when acting on behalf of the LFA.

POLICY

Each officer, director, committee member, key employee, and consultant of the LFA has a duty to place the interest of the LFA foremost in any dealings with the organization and has a continuing responsibility to comply with the requirements of this policy.

1. The Board of Directors, as a whole, has an obligation to further the public purposes of the LFA and to act in good faith and at arm's length¹ for those purposes when taking any action or making any recommendation involving a matter in which an officer, director, committee member, key employee, or consultant has a direct or indirect financial interest.
2. Officers, directors, committee members, key employees and consultants must scrupulously avoid any situation in which their personal, professional, or business interests may affect or appear to affect the impartiality of their actions on behalf of the LFA.
3. Every officer, director, committee member, key employee, or consultant:
 - A. will disclose fully and currently any significant relationship which he or she or any immediate family member has with an organization furnishing directly or indirectly services that the LFA may use including any special consideration (e.g., compensation, gifts, or favors) received as a result of this relationship or transaction (see procedures for "Disclosure" below);

¹ – "arm's length" is defined as a situation in which the parties to a transaction are not related or affiliated so that there is no question of a conflict of interest.

- B. will not knowingly participate in any recommendation or action of the LFA concerning any organization as to which disclosure by him or her is required; and,

- C. will not make available to any organization as to which a disclosure is required any information, either during or after his or her term, employment or service, which he or she would not have known but for his or her position with the LFA.
4. Any officer, director, committee member, key employee or consultant faced with a potential conflict of interest, shall disclose its existence in writing to the President & CEO of the LFA (or, should the President & CEO face a potential conflict of interest, he or she shall disclose its existence in writing to the Chairman of the LFA Board).
5. Full disclosure and non-participation in matters in which an officer, director, committee member, key employee, or consultant has a significant interest may not be sufficient to avoid the appearance of a conflict of interest. Therefore, in any case where the Board approves dealings with any organization as to which disclosure is required, the record of that decision shall reflect that alternatives were carefully considered, and that the decision to do business with such organization is in the best interest of the LFA and the public purposes it seeks to further (see procedures for "Addressing the Conflict of Interest").
6. Any officer, director, or committee member who knowingly violates the terms of this policy shall be removed from the Board or the committee, and that compliance with the terms of this policy on the part of key employees and consultants is considered by the Board to be a condition of continued employment or service.

PROCEDURES

Disclosure

Each officer, director, committee member, key employee, or consultant must complete and sign the attached forms at the time he/she is elected/appointed, or hired and annually thereafter. Disclosure statements will be reviewed by the President & CEO in strict confidence. Any actual or potential conflict(s) will be referred to the Board or an appointed committee of the Board (Committee), for resolution of the matter.

It should be noted that not all "interests" rise to the level of prohibited conflicts of interest. A person who has an interest may have a conflict of interest only if the Board or Committee determines, based on a review of the facts, circumstances, and this policy, that a conflict of interest exists.

Addressing the Conflict of Interest

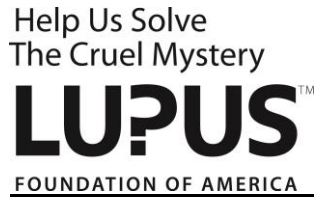
- A. An interested person may make a presentation before the Board or Committee with respect to the disclosed conflict situation and recuse himself/herself from discussion or voting on the transaction or arrangement involving the possible conflict of interest.
- B. The chairperson of the Board or Committee will appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement (e.g., seeking at least two other competitive bids).
- C. After exercising due diligence, the Board or Committee will determine whether the LFA 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 or Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is

in the LFA'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.

PERIODIC REVIEWS

To ensure the LFA 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. The periodic reviews shall, at a minimum, include the following subjects:

- A. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- B. Whether partnerships, joint ventures, and arrangements with the LFA, 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.



CONFLICT OF INTEREST STATEMENT

I have read and understand the conflict of interest policy of the Lupus Foundation of America, Inc. and agree to comply with and be bound by it. To the best of my knowledge and belief, except as disclosed herewith neither I nor any related party¹ is engaged in any transaction or activity or has a relationship that may represent a potential conflict of interest.

Further, to the best of my knowledge and belief, except as disclosed herewith, neither I nor any related party¹ intends to engage in any transaction, to acquire any interest in any organization or entity, to become the recipient of any substantial compensation including gifts or favors that might be covered by the conflict of interest policy.

(A) Without exception

(B) Except as described in the attached statement

SIGNATURE

DATE: _____

PRINTED NAME

TITLE

¹ - "Related party" is defined as members of your immediate family, which includes your spouse, minor children and all other dependents; estates, trusts and partnerships in which you or your immediate family has a present of vested future beneficial interest; and, a corporation or entity in which you or your immediate family is a beneficial owner of more than five percent of the voting interest.



CONFLICT OF INTEREST QUESTIONNAIRE

Please answer all questions. If the answer to any question is “yes,” please attach a detailed statement explaining the transactions. An affirmative response does not necessarily imply that the relationship is improper or that it should be terminated.

During the past year, have you or any related party¹ had any direct or indirect interest, or relationship in any transaction (pending or complete) with the LFA, including but not limited to transactions involving:

- a. the sale, purchase, lease or rental of any property or other asset? Yes No
- b. employment, or rendition of services, personal or otherwise? Yes No
- c. the award of any grant, contract, or subcontract? Yes No
- d. the investment or deposit of any funds of the LFA? Yes No

The answers to the foregoing questions are accurately stated to the best of my knowledge and belief.

SIGNATURE

DATE: _____

PRINTED NAME

TITLE

¹ - “Related party” is defined as members of your immediate family, which includes your spouse, minor children and all other dependents; estates, trusts and partnerships in which you or your immediate family has a present or vested future beneficial interest; and, a corporation or entity in which you or your immediate family is a beneficial owner of more than five percent of the voting interest.