

 <b>Family</b> Focus Inc.		<b>Policy Number:</b>  AG-004
<b>Subject:</b>	CONFLICT OF INTEREST	
<b>Section:</b>	ADMINISTRATIVE GENERAL	
<b>Effective Date:</b>	01/01/04	<b>Review Date:</b> 02/13/2015
		<b>Revised Date:</b>
<input type="checkbox"/> <b>New Policy</b>	<input type="checkbox"/> <b>Supersedes Policy Dated:</b>	
<b>Issued by:</b> HR Administrator	<b>Concurred with and Approved by:</b> Jim Burns, Director    Initial: _____ Board of Directors     Initial: _____	
<b>Cross Reference:</b>	See attachments	
<b>Distribution:</b>	All employees of Family Focus, Inc., Inc.	

**PURPOSE**

To require full disclosure of situations involving a dual interest that may be interpreted as a conflict of interest.

**I. GENERAL INFORMATION**

The most important aspect of a social service organization is its reputation in the community. It is the express policy of the Family Focus, Inc., Inc. that all officers, director level employees, administrative hourly and professional staff, and members of the Boards of Directors must avoid personal interests that conflict, or appear to conflict with, the interests of Family Focus, Inc. and its affiliates in the communities they serve.

It is anticipated that certain dualities of interest will be unavoidable and that it is not possible to avoid conflicts of interest that may arise when persons with business interests serve in social service, government or leadership positions, particularly in a community such as the size of Family Focus, Inc. service area. A thorough understanding of those circumstances which might lead to a conflict of interest, accompanied with full disclosure, will minimize the impact of conflicts of interest should they occur.

It is not possible to define within this policy all of the particular circumstances in which a conflict of interest may or may not occur. As a general rule, a conflict of interest may be considered to exist in any instance where the actions or activities of an individual on behalf of an institution also involve the obtaining of an improper gain, advantage or an adverse effect on Family Focus, Inc. or any of its

subsidiaries. A conflict of interest may also arise in situations where an outside interest or affiliation may influence, or appear to influence, any decision of Family Focus, Inc. A conflict of interest may also arise if any Family Focus, Inc. personnel might benefit, directly or through other individuals or organizations, by virtue of a position with Family Focus, Inc. or by using the authority or benefits of that position to compete with Family Focus, Inc.

## II. SCOPE OF POLICY

This policy shall apply to Family Focus, Inc. along with any operating subsidiaries or Boards of Directors of such entities. All members of the Boards of Directors, officers, and administrative hourly and professional staff are to comply with the terms and conditions of this policy and must complete and return a conflict of interest questionnaire on an annual basis. Hourly employees designated by any Chief Executive Officer of Family Focus, Inc., Inc. will also be required to complete and return the conflict of interest questionnaire.

## III. DEFINITIONS

Family Focus, Inc. includes all staff, both regular hourly, salaried, volunteer/intern and contracted that are providing services for Family Focus, Inc..

Companies and individuals that do business with Family Focus, Inc. are organizations and individuals from whom Family Focus, Inc. purchases or to whom Family Focus, Inc. sells merchandise, materials, equipment, services or supplies; contractors for constructing and equipping buildings; lessors of equipment or facilities, and groups contracting with Family Focus, Inc. to receive or provide services.

Compensation includes direct and indirect remuneration as well as gift or favors that are substantial in nature. For purposes of this policy substantial remuneration is any gift, favors or hospitality intended to influence decisions effecting Family Focus, Inc. which includes any gift favor or hospitality more than Seventy-five Dollars (\$75.00) in value from any person or business entity that does business, seeks to do business with, or is in competition with Family Focus, Inc. For these purposes, the term “gifts, favors or hospitality” includes, but is not limited to, services, loans, special discounts, bargain purchases, entertainment, travel, education and training.

Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family, an ownership or investment interest in any entity with which Family Focus, Inc., Inc. has a transaction arrangement or receives compensation from Family Focus, Inc.; or with any individual or entity with which Family Focus, Inc. has a transaction or arrangement; or oversees a potential ownership or investment interest in or compensation arrangement with any entity or individuals with which Family Focus, Inc. is negotiating a transaction or arrangement.

Interested Persons. Any director, principal officer, or member of a committee with board delegated powers in Family Focus, Inc. who has a direct or indirect financial interest as defined within this policy is an “interested person.”

Members of the Immediate Family are any spouse, children, parents, brothers, sisters as well as any persons residing in the home of any individuals who are subject to this policy.

Ownership interests are significant if the aggregate income of the officer, director, or administrative hourly or professional staff member, together with any interest of members of the immediate family, represents (1) more than one percent (1%) of the outstanding ownership of a firm or corporation, or (2) more than five percent (5%) of the total assets of the officer, director of administrative hourly or professional staff member and family members.

#### **IV. POLICY ILLUSTRATIONS**

The following examples illustrates some, but not all, situations that constitute potential conflicts of interest that must be avoided unless specifically approved and authorized by Family Focus, Inc.:

- A. A Family Focus, Inc. employee or director conducts business on behalf of Family Focus, Inc. with a relative or with a business entity with which the employee or director or a member of the employee's or director's immediate family is associated.
- B. A Family Focus, Inc. employee or director accepts a directorship, managerial or other position of employment in a business entity that does or seeks to do business with Family Focus, Inc. or is in competition with Family Focus, Inc. Or employment with another business entity that accepts referrals from the same referral sources as Family Focus, Inc.
- C. A Family Focus, Inc. employee or director acquires, directly or indirectly, any real estate, any interest in any business entity, or any other property that the employee or director of Family Focus, Inc., Inc. knows or has reason to believe, may be of acquisition interest to Family Focus, Inc..
- D. During any year, a Family Focus, Inc. employee or director accepts a gift or payment for services.
- E. A Family Focus, Inc. employee or director uses or discloses information acquired through service at Family Focus, Inc., Inc. for gain for himself or for others.
- F. A Family Focus, Inc. employee or director owns, directly or indirectly, a significant financial interest in any business entity or group that does business seeks to do business or is in competition with Family Focus, Inc.
- G. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Family Focus, Inc. for services, is precluded from voting on matters pertaining to that member's compensation.

This conflict of interest policy does not prohibit Family Focus, Inc. personnel or directors from holding or engaging in interests and activities unrelated to the operations of Family Focus, Inc. or its suppliers and competitors.

- V. PROCEDURE FOR DISCLOSURE OF CONFLICT OF INTEREST.** The primary purpose of a conflict of interest disclosure is to identify through impartial and objective review those situations that may conflict with the best interest of Family Focus, Inc.'s operations in the communities it serves. Actions

taken, if any, in response to a conflict of interest that may come to Family Focus, Inc.'s attention will be solely at the discretion of the Director, or his/her designee, as determined on an individual basis after consultation with general counsel for Family Focus, Inc..

- A. **Disclosure by Directors.** Any member of the Board of Directors or a committee governed by the Board of Directors of Family Focus, Inc. or its subsidiaries shall complete and sign a conflict of interest questionnaire at least annually. The minutes of the Board of Directors and the authorized Board Committee shall maintain the names of the persons who disclosed or otherwise were found to have a financial interest or connection with any actual or possible conflict of interest; the nature of the financial interest; any action taken to determine whether a conflict of interest was present; and the decision of the Board or Committee as to whether a conflict of interest in fact existed. 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 record of any votes taken therewith shall also be contained within the Board or Committee minutes. Any disclosed conflict of interest of a Board or Committee member will be disclosed to all members of the governing board of Family Focus, Inc..
- B. **Employee Level Conflict of Interest Disclosure.** On an annual basis, all designated personnel shall complete and sign a conflict of interest questionnaire, including the Non-Compete agreement (See Form *Non-Compete Agreement*). The questionnaire is integral to the policy and provides specific definitions, guidelines and criteria used in evaluating potential conflicts of interest and prohibits the staff from entering into any employment agreements with competing agencies. If an individual employee believes that a conflict of interest may exist, it must be disclosed. An employee must assume that a conflict exists until this situation is resolved by the Director or his/her designee. A breach of this policy, including failure to complete and update the questionnaire, and failure to disclose interest that should be disclosed, may subject such an individual to disciplinary action including immediate dismissal. Actions taken, if any, in response to a conflict of interest that come to Family Focus, Inc., Inc.'s attention will be solely at the discretion of the Director or his/her designee, as determined on an individual case basis after consultation with Family Focus, Inc. Board of Directors.

An individual who becomes aware of a potential or actual conflict of interest must disclose it as soon as possible in the questionnaire and send it directly to the responsible person identified in this section. It is the responsibility of the disclosing individual to provide written and signed documentation of the disclosure. Failure to disclose a conflict of interest may subject an employee to disciplinary action, including termination. If an employee is approached by a company or individual that does business or seeks to do business with Family Focus, Inc., Inc. with an offer or proposal that may be construed as a conflict of interest, then that employee must contact Director for approval prior to acceptance. Such disclosure shall remain confidential and will only be communicated by the Director as necessary to comply with this policy.

- VI. **RESPONSIBILITY AND MAINTENANCE OF RECORDS.** The Director of Family Focus, Inc. shall review any questionnaire disclosing a conflict of interest with the Board of Directors. The Director is responsible

for the consistent application of this policy throughout Family Focus, Inc. The Board of Directors will be responsible for the consistent application of this policy as it applies to the Director.

**VII. EXCEPTIONS.** Any exception to this policy as it applies to employees requires the prior specific written approval of the Director of Family Focus, Inc. who shall be obligated to disclose the exception to the Board of Directors of Family Focus, Inc. Any exceptions to this policy as it applies to directors or committee members of board committees requires the affirmative vote of a majority of the governing board of Family Focus, Inc..

**VIII. PERIODIC REVIEW OF TRANSACTIONS.** To ensure that Family Focus, Inc. operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted by the Board of Directors of Family Focus, Inc.. The Board of Directors shall, at a minimum, review the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable and are the results of arms length bargaining.
- (b) Whether partnership and joint venture arrangements and arrangements with management service organizations conform to written policies, are properly recorded, reflect reasonable payment for goods and services, further the corporation's charitable purposes and do not result in inurnment or impermissible private benefit.
- (c) Whether agreements to provide social services with other social service providers, further the Corporation's charitable purposes and do not result in inurnment or impermissible private benefit.
- (d) Whether all agreements and understandings are in written form and supported by appropriate documentation.