

**Alternatives for the Older Adult**  
**CONFLICT OF INTEREST POLICY**

**POLICY:** All Officers, Directors, and Key Employees must disclose to the Board of Directors any potential Conflicts of Interest as they develop. Disclosure questionnaires must be completed on an annual basis, however, the duty to disclose potential conflicts is ongoing.

**SCOPE:** Disclosure questionnaires shall be completed on an annual basis by all Officers, Directors, and Key Employees (Covered Persons for purposes of this Policy.)

**BACKGROUND:** The Board of Directors has adopted this for the purpose of setting forth organizational beliefs and policy with respect to Conflicts of Interest; identifying those entities and individuals subject to certain requirements under the policy identifying and ethically resolving Conflicts of Interest.

Identification and resolution of Conflicts of Interest which may exist on the part of Officers, Directors, and Key Employees is required by standards of the Internal Revenue Code and Treasury Regulations governing tax-exempt organizations and by requirements placed upon providers by Medicare and Medicaid program regulations. The Board of Directors has adopted this policy not only to meet the above-stated requirements, but also as a matter of ethics, corporate responsibility, and sound management practice

The system-wide approach to identification and resolution of Conflicts of Interest is assigned to the Governance Committee or from a committee of Board members selected by the President of the Board. Disclosure questionnaires are to be completed annually by individuals subject to disclosure requirements under this policy and the Internal Revenue Code, or Medicare/Medicaid program regulations.

1. Definitions

**Chair** means the highest ranking Officer of a corporation, whether denominated Chair, President, or some other title.

**Conflict of Interest** means circumstances described below in Section 1 of this policy.

**Covered Persons** means all Officers, Directors, or Key Employees.

**Directors** mean all members of the Board of Directors or Board of Trustees.

**Family Member** Includes a Covered Person's spouse, persons with whom the Covered Person maintains a personal relationship approximating a family relationship, the Covered Person's ancestors, children, grandchildren, great grandchildren, the spouses of children, grandchildren and great grandchildren, as well as brothers and sisters of the Covered Person and their spouses.

**Key Employee** means any person having responsibilities or powers similar to those of Officers or Directors. The Governance Committee will periodically determine who is a Key Employee.

**Material Financial Interest** means an interest involving either the direct ownership or holding of indebtedness of an entity having an aggregate value in excess of five percent (5%) of the total assets of the entity in which the interest is held.

**Officers** mean the Board President, Board Vice President, Secretary, Treasurer and Chief Executive Officer.

**Outside Business Activity** means services as Director, trustee, Officer, committee member, employee, independent contractor, consultant, advisor, agent or similar position with another organization (regardless of whether the organization is charitable or for-profit in nature).

#### **APPLICATION OF POLICY:**

1. Types of Conflicts of Interest. Conflicts of Interest are those circumstances in which the personal interests of a Covered Person may potentially or actually conflict with the interests of or may be perceived as potentially conflicting with the interests of the organization. Personal interests include not only the Covered Person's own interest but also include those of the Individual's Household Members. A Conflict of Interest only exists when the appropriate board or committee decides that a Conflict of Interest exists.

For purposes of the Policy, the following circumstances shall be deemed to create potential Conflicts of Interest:

- 1.1 Relationships that May Cause a Conflict of Interest. A Covered Person may have a Conflict of Interest in a contract or transaction if the individual or the Individual's Household Member is contracting, dealing or negotiating on behalf of an entity that seeks to do business or does business with Alternatives for the Older Adult, (AFOA) or if the individual or Household Member is a potential Director, Officer, or general partner in, or has an actual or potential ownership interest, material Financial Interest, or compensation arrangement with, the entity contracting, dealing or negotiating with the AFOA. In responding to the Conflict of Interest Questionnaire, Covered Persons may respond to the questionnaire based on their current, general knowledge. Specific inquiries to family members are not necessary. Further, a Conflict of Interest may exist if a Covered Person performs work or renders services outside the normal course of his or her role at AFOA for any competitor of AFOA unless the individual has obtained the approval of an executive officer or the Board President of AFOA. A Covered Person shall not be a Director, Officer, employee or consultant of any competing organization, nor permit his or her name to be used in any fashion that would tend to indicate a business connection with such organization.

- 1.2 Gifts & Gratuities. A Covered Person may have a Conflict of Interest if the individual or the Individual's Household Member is provided with a gift, gratuity, or favor of a substantial nature from a person or entity that does business or seeks to do business with AFOA. If the Covered Person were to accept personal gifts, substantial entertainment, or other substantial favors from any outside concern that does business with AFOA, is a competitor of the company, or is negotiating a transaction or arrangement with AFOA, it could under certain circumstances give rise to a claim that such action was intended to influence or would possibly influence an individual in the performance of his or her duties. (This does not include the personal acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and are not related to any particular transaction or activity of the company.) Further a Covered Person may have a conflict if the individual is gratuitously provided use of the facilities, property, or services of the company.
- 1.3 Inside Information. A Conflict of Interest may exist if a Covered Person or the Individual's Household Member discloses or uses confidential or inside information of or about Alternatives, particularly for the Covered Person's profit or advantage of the Covered Person or a Household Member.
- 1.4 Financial Interests. A Conflict of Interest may exist when a Covered Person or the Individual's Household Member directly or indirectly benefits or financially profits as a result of a decision, policy or transaction made by the AFOA. For example, when a Covered Person or the Individual's household Member has ownership in or is employed by any outside concern which does business with the AFOA, a Conflict of Interest may exist. This does not apply to stock or other investments held in a publicly held corporation, provided the value of the stock or other investments does not exceed 5% of the corporation's stock. AFOA may, following a review of the relevant facts, permit ownership interests which exceed these amounts if the Board of Directors concludes such ownership interests will not adversely impact AFOA's business interest or the judgment of the Covered Person. A financial Conflict of Interest exists only when the Board decides a Covered Person with a financial interest has a Conflict of Interest.
- 1.5 Non-Financial Interests. A Covered Person may have a Conflict of Interest where a Covered Person or the Individual's Household Member obtains a non-financial benefit or advantage that the individual or Household Member would not have obtained absent his or her relationship with AFOA. Examples include:
  - 1.5.1 A Covered Person or the Individual's Household Member seeks to obtain preferential treatment by AFOA or recognition for himself or herself or another Covered Person;
  - 1.5.2 Representation of AFOA by a Covered Person in any transaction in which he or she or a Household Member has a substantial personal interest;

1.5.3 Competition with the AFOA by a Covered Person or the Individual's Household Member, directly or indirectly, in the purchase, sale or ownership of property or property rights or interests, or business investment opportunities.

1.6 Outside Business Activities. A Conflict of Interest may exist where a Covered Person or the Individual's Household Member engages in Outside Business Activities that conflict with the best interests of AFOA, resulting in a financial or non-financial gain to the Covered Person or the Individual's Household Member engaging in such conduct.

1.7 Corporate Opportunity. A Conflict of Interest may exist when a Covered Person or the Individual's Household Member seeks to take advantage of a corporate opportunity or enables another interested person or other organization to take advantage of a Corporate Opportunity that he or she has reason to believe would be of interest to AFOA. For purposes of the Policy, Corporate Opportunity means a business opportunity presented to an Officer, Director, or Key Employee.

1.7.1 Is financially able to undertake;

1.7.2 Is in AFOA's line of business and would be of practical value to the company;

1.7.3 Has an interest in or reasonable expectation of the opportunity, and the Officer, Director, or Key Employee by taking the opportunity, will create a conflict with AFOA; and

1.7.4 The opportunity, in fairness, should belong to AFOA.

Full disclosure of any such situation or any other circumstances in doubt should be made, to avoid any possible appearance of conflict and permit an impartial and objective review.

1.8 Personal Service to AFOA. Each Covered Person serves the organization in strictly an individual capacity. He or she shall not serve in a representative capacity as the agent of, or as a spokesperson for, another agency or organization that may be interested in AFOA.

1.9 Additional Potential Conflicts of Interest. Many other circumstances which could not possibly be listed here could give rise to a potential Conflict of Interest. These would include any instances where the actions or activities of a Covered Person or the Individual's Household Member involve obtaining an improper gain or advantage, or have an adverse effect on AFOA's interests.

2. Determining Whether a Conflict of Interest Exists. Every Conflict of Interest once recognized, must be evaluated. It may, in some instances, be so serious that it prevents the further participation by the individual in the organization's deliberations. On the

other hand, it may be of little or no significance if it has been disclosed. If there is a question in the mind of the individual as to whether a particular duality of interest should be disclosed, it should be disclosed

### 3. Disclosures.

3.1 Initial Disclosure. Upon election, appointment, or the beginning of the term of employment or other contract, individuals newly affiliated with AFOA shall be oriented on and receive a disclosure questionnaire to be completed and promptly returned.

#### 3.2 Annual Disclosure.

3.2.1 A designated person within AFOA shall send disclosure questionnaires to all Officers, Directors, and Key Employees. Persons required to report who have not returned questionnaires will be contacted and follow-up will continue on a regular basis in an effort to receive complete and accurate responses from all persons. The information disclosed will be used to identify potential Conflicts of Interest and to assist in completing IRS and Medicare questionnaires.

3.2.2 The annual questionnaires will include and will acknowledge that the Officer, Director, and Key Employees

3.2.2.1 has access to a copy of the Conflict of Interest Policy;

3.2.2.2 has read and understands the policy;

3.2.2.3 agrees to comply with the Policy;

3.2.2.4 understands that the Policy applies to all committees and subcommittees having board-delegated powers; and

3.2.2.5 understands that the organization is a charitable organization and that in order to maintain its tax-exempt status, it must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes.

3.3 Ongoing Duty to Disclose. The duty to identify and disclose potential Conflicts of Interest is a duty that is ongoing. All Officers, Directors, and Key Employees shall immediately disclose such potential conflict or duality of interest as soon as the interest occurs. Disclosure should be made to the Covered Person's supervisor, the Chief Executive Officer of AFOA, or the Board President, as applicable.

4. Compensation Decisions.

4.1 A voting member of a board or committee with responsibilities for determining compensation shall not participate in the committee's determination of that member's compensation.

4.2 Executive compensation decisions will be made by a committee composed entirely of the independent members of the Board of Directors who do not have a Conflict of Interest with respect to the compensation arrangement or by a designee of the committee who does not have a Conflict of Interest with respect to the compensation arrangement.

5. Conflict Review Committee.

5.1 The Governance Committee shall carry out the responsibilities described below.

5.2 A complete listing of all Company Officers, Directors, and Key Employees must be submitted by the CEO to the Conflict Review Committee for conflict analysis purposes.

5.2.1 This listing must be promptly updated as changes are made and will be reviewed on an annual basis for accuracy.

5.2.2 Will determine which Key Employees will be required to complete their disclosure questionnaire by inclusion on this list.

5.3 The Governance Committee will process and evaluate annual disclosure questionnaires and additional reporting.

5.4 The specific duties of the Governance Committee include

5.4.1 review of all annual disclosure questionnaires and interim supplemental disclosures from designated categories of persons within the company who are subject to the Policy;

5.4.2 identifying potential Conflicts of Interest disclosed in such annual disclosure questionnaires or interim disclosures;

5.4.3 investigating and evaluating, as necessary, potential Conflicts of Interest contained in annual disclosure questionnaires or interim disclosures;

5.4.4 reporting findings, conclusions, and recommendations to the Board of Directors for decision and action; and

5.4.5 assuring the necessary information is reported to the Internal Revenue Service.

6. Board Action.

- 6.1 Any duality of interest or possible Conflict of Interest on the part of any organizational Officer, Director or Key Employee together with all material facts, should be disclosed to the Board of Directors and made a matter of record, either through an annual procedure or when the interest occurs or becomes a matter of Board action.
- 6.2 Any organization Officer, Director, or Key Employee having a Conflict of Interest in any matter should not be present during general discussion nor vote or use his or her personal influence on the matter, and he or she should not be counted in determining the existence of a quorum for purposes of the matter or item as to which a conflict exists. The Board should exclude the individual from any discussion or vote in which the Board decides whether or not a Conflict of Interest exists.
- 6.3 The foregoing requirements should not be construed as preventing the organizational Officer, Director, or Key Employees from briefly stating his or her position on the matter, nor from answering pertinent questions of other Board members, since his or her knowledge may be of great assistance, but after doing so, he or she should leave the meeting.
- 6.4 In cases in which an Officer, Director, or Key Employees or the Individual's Household Member has a Conflict of Interest in an arrangement or transaction, the following additional steps may be taken at the direction of the Board of Directors:
  - 6.4.1 After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the board or committee meeting while the determination of a Conflict of Interest is discussed and voted upon. The remaining board or committee members shall decide if a Conflict of Interest exists.
  - 6.4.2 A disinterested person or committee may be appointed to investigate alternatives to the proposed arrangement or transaction.
  - 6.4.3 In order to approve the arrangement or transaction, the Board must first find, by majority vote of disinterested members, that the arrangement or transaction is in the best interest, is fair and reasonable, and after reasonable investigation, the disinterested members have determined that a more advantageous transaction or arrangement cannot be obtained with reasonable efforts under the circumstances.
- 6.5 The minutes of the Board and all committees with Board-delegated powers shall contain:

- 6.5.1 The names of the 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 to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a Conflict of Interest in fact existed.
  - 6.5.2 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 therewith.
  - 6.6 In order to protect the best interests, appropriate disciplinary action may be taken with respect to an Officer, Director, or Key Employee who violates the Conflict of Interest Policy.
7. Related Policies/Reviews.
- 7.1 Tax-Exempt Compliance Reviews.  
As part of operations, AFOA shall periodically review they are operating in a manner consistent with their charitable purposes and that operations do not result in private inurnment or improper private benefit. Included in this review shall be the following aspects of tax-exempt organizations' operations: compensation and benefits programs; acquisition activities; partnership and joint venture arrangements; and management service organization.



## ALTERNATIVES FOR THE OLDER ADULT

### *Conflict of Interest Disclosure Statement For Board of Directors, Key Employees*

#### 1. General Compliance

Are you familiar with, have you read, and do you agree to abide by the terms of the Conflict of Interest Policy adopted by the Board of Directors?

Yes

No

#### 2. Potential Conflicts of Interest:

To the best of your knowledge, during the past year, have you, or any member of your family\*, or any entity in which you or a family member:

a. had a relationship with an entity contracting, dealing or negotiating with Alternatives for the Older Adult, (AFOA)?

Yes

No

b. been provided a gift, gratuity or favor of a substantial nature?

Yes

No

c. disclosed or used inside or confidential information?

Yes

No

d. received direct or indirect benefits, financial or non-financial, as a result of a decision, policy or transaction of AFOA?

Yes

No

e. had outside business activities which conflict with the best interests of AFOA?

Yes

No

f. had Corporate Opportunities offered, (as defined in the Conflict of Interest Policy?)

Yes

No

g. served as an agent or representative of another agency or organization that may be interested in AFOA?

Yes

No

h. obtained any other improper gain or advantage having an adverse impact on AFOA?

Yes

No

Please list below details of any item marked, "Yes":

**3. Other Affiliations**

Please list any other organization for which you are a board member, employee or consultant. If none, state none.

(Name of organization)

(Type of Business)

(Position or Relationship)

(Held by self, spouse, etc.)

(Current relationship with Alternatives for the Older Adult)

Except as noted, neither I nor, to the best of my knowledge, any member of my family\* has any interest or is engaged in any activity which might be interpreted as a violation of the policy statement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Position

\_\_\_\_\_  
Date

\*Family: For purposes of this statement, members of an individual's family include the individual's: spouse; ancestors; parents; siblings; children; grandchildren; spouses of brothers, sisters, children; and any other individual living in the same household.

\*\* Business Relationship: For purposes of this statement, a "business relationship" includes the following: (a) one person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee, or greater-than-35% owner; (2) one person is transacting business with the other, directly or indirectly, involving value of more than \$5000 in the aggregate during the tax year; and (3) two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.