

# LUPUS AND ALLIED DISEASES ASSOCIATION, INC.

## Conflict of Interest and Related Party Transaction Policy

### I. PURPOSE

All directors, officers and staff owe a duty of loyalty to the Lupus and Allied Diseases Association, Inc. (the "Organization") and must act in good faith and in the Organization's best interests, rather than in their own interests or the interests of another entity or person, and must comply with applicable legal requirements. The purpose of this Conflict of Interest and Related Party Transaction Policy (this "Policy") is to set forth procedures for monitoring, reporting, review and oversight of, and review, approval or ratification of any action taken in connection with, conflicts of interest and related party transactions.

### II. APPLICABILITY

This Policy applies to any person who at any time during the past five years was:

1. A director of the Organization or an "affiliate" (as defined below);
2. An officer of the Organization or an affiliate;
3. A "key employee" (as defined below) of the Organization or an affiliate;
4. A "relative" (as defined below) of any of the foregoing persons;
5. Any entity in which any of the foregoing persons has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%; and
6. Any other employee, volunteer, independent contractor of, or substantial contributor to, the Organization, each, a "Covered Person" or "you").

An "affiliate" is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the Organization.

A "key employee" is a person who is in a position to exercise substantial influence over the Organization and, other than directors and officers, may include, without limitation, a person who: (i) founded the Organization, (ii) is a substantial contributor, (iii) has authority to control a substantial portion of the Organization's capital expenditures, operating budget or employee compensation, (iv) manages a discrete segment or activity of the Organization that represents a substantial portion of the activities, assets, income or expenses of the Organization (as compared to the Organization as a whole); (v) receives compensation primarily based on revenues derived from the Organization's activities; and/or (vi) is highly-compensated by the Organization (for example, receiving annual compensation greater than \$150,000). Persons who qualify as "key employees" of the Organization will be so notified by the Organization.

A “relative” is a (i) spouse, ancestor, child (whether natural or adopted), grandchild, great-grandchild, sibling (whether whole- or half-blood), (ii) spouse of a child (whether natural or adopted), grandchild, great-grandchild or sibling (whether whole- or half-blood), or (iii) a domestic partner.

### **III. CONFLICTS OF INTEREST**

A conflict of interest arises whenever the interests of the Organization come into conflict with a financial or personal interest of a Covered Person, or otherwise whenever a Covered Person’s personal or financial interest could be reasonably viewed as affecting his or her objectivity or independence in fulfilling their duties to the Organization.

While it is not possible to describe or anticipate all the circumstances that might involve a conflict of interest, a conflict of interest typically arises whenever a Covered Person has (directly or indirectly):

1. a direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which the Organization or any affiliate participates;
2. a compensation arrangement or other interest in a transaction with the Organization;
3. a compensation arrangement or other interest in or affiliation with any entity or individual that: (i) sells goods or services to, or purchases goods or services from, the Organization; (ii) competes with the Organization; or (iii) the Organization has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with;
4. the ability to use his or her position, or confidential information or the assets of the Organization, to his or her (or an affiliated party’s) personal advantage or for an improper or illegal purpose;
5. solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on the Covered Person (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);
6. acquired any property or other rights in which the Organization has, or the Covered Person knows or has reason to believe at the time of acquisition that the Organization is likely to have, an interest;
7. an opportunity related to the activities of the Organization that is available to the Organization or to the Covered Person, unless the Board has made an informed decision that the Organization will not pursue that opportunity;
8. been indebted to the Organization, other than for amounts due for ordinary travel and expense advances; or
9. any other circumstance that may, in fact or in appearance, make it difficult for the Covered Person to exercise independent, objective judgment or otherwise perform effectively.

#### **IV. CONFLICT OF INTEREST DISCLOSURE AND QUESTIONNAIRE**

All material facts related to conflicts of interest (including the nature of your interest and information about any proposed transaction or other arrangement) are required to be disclosed in good faith and in writing to the President/CEO of the Board at [Kathleen@ladainc.org](mailto:Kathleen@ladainc.org). Disclosures should be made in advance, before any action is taken on the matter. Conflict identification and analysis can be difficult and, therefore, you are at all times expected to err on the side of caution and disclose all instances where a conflict of interest or the appearance of a conflict exists, even if you do not believe that there is an actual conflict.

Each current director, officer and key employee of the Organization, as well as nominees for election as director (prior to his or her initial election), must submit to the Secretary of the Organization at least once per year (and updated as appropriate) a questionnaire substantially in the form of the Appendix to this Policy. The Secretary of the Organization shall provide copies of all completed statements to the President/CEO of the Board.

#### **V. REVIEW AND APPROVAL**

The Board will review all conflicts of interest and determine whether to approve or ratify any such matters. The Board may only approve the underlying matter if it determines that such matter, under the terms and within the circumstances and conditions presented, is fair, reasonable, and in the best interests of the Organization. In making its determination, the Board will consider, without limitation:

1. Alternative transactions to the extent available;
2. The Organization's mission and resources;
3. The possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of, the Organization (even if there is no actual conflict or wrongdoing); and
4. Whether the conflict may result in any private inurement, excess benefit transaction or impermissible private benefit under laws applicable to tax-exempt organizations.

The approval of any matter that is the subject of this Policy shall require the approval of at least a majority of the members of the Board present and voting at the meeting.

Persons with an interest in any matter under review by the Board are not permitted to be present at or participate in any deliberations or voting by the Board with respect to the matter giving rise to the potential conflict, and must not attempt to influence improperly the deliberation or voting on such matter. In appropriate circumstances, any such person may be called upon to provide information relevant to the determination prior to the commencement of deliberations or voting related thereto.

In the event the Organization and/or a Covered Person in error enters into or otherwise participates in a conflict of interest transaction that requires pre-approval by the Board pursuant to this Policy, such transaction shall promptly upon discovery of such error be presented to the Board for its review and the Board shall consider, if appropriate, whether to (i) ratify such transaction, (ii) direct the

rescission or modification of the transaction, (iii) take any disciplinary action, and/or (iv) make changes to the organization's controls and procedures in connection with such error.

## **VI. RECORDS**

The minutes of the Board meeting during which a potential or actual conflict of interest is disclosed or discussed shall be documented contemporaneously with the meeting and reflect the name of the interested Covered Person, the nature of the conflict, and details of the deliberations of the disinterested directors (such as documents reviewed, any alternatives considered, comparative costs or bids, market value information and other factors considered in deliberations) and the resolution of the conflict including any ongoing procedures to manage any conflict that was approved. The interested person shall only be informed of the final decision and not of particular directors' positions or how they voted. In addition, certain related party transactions are required to be disclosed in the notes to the Organization's financial statements and its annual federal tax filing on Form 990.

## **VII. COMPLIANCE**

If the Board has reasonable cause to believe that a Covered Person has failed to comply with this Policy, it may make such further investigation as may be warranted in the circumstances and if it determines that a Covered Person has failed to comply with this Policy, it shall take appropriate action which may include removal of the Covered Person from office or termination of employment.

## **VIII. POLICY ADOPTION AND OVERSIGHT**

The Board is responsible for providing oversight of the adoption and implementation of, and compliance with this Policy. Only directors satisfying the definition of "independence" pursuant to applicable law are permitted to participate in any deliberations or vote on matters relating to this Policy. An "independent director" is defined to mean a member of the Board who:

1. Is not and has not been within the last three years, an employee of the Organization or an affiliate of the Organization, and does not have a relative who is, or has been within the last three years, a key employee of the Organization or an affiliate of the Organization;
2. Has not received and does not have a relative who has received, in any of the last three fiscal years, more than \$10,000 in direct compensation from the Organization or an affiliate of the Organization (not including reasonable compensation or reimbursement for services as a director); and
3. Is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to or received payments from, the Organization or an affiliate of the Organization for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of: (a) \$25,000 or (b) 2% of such entity's consolidated gross revenue (which payments do not include charitable contributions).

**This Conflict of Interest and Related Party Transaction Policy was unanimously adopted at the September 24, 2014 Lupus and Allied Diseases Association, Inc. Board of Directors' Meeting at which a quorum was present.**

## LUPUS AND ALLIED DISEASES ASSOCIATION, INC.

### Questionnaire Concerning Conflicts of Interest and Affirmation re: Organization Policies

**Part A: To be Completed by Directors, Director Nominees, Officers and Key Employees**

- Please identify, to the best of your knowledge, any and all entities of which you are an officer, director, trustee, member owner (either as a sole proprietor or a partner), or employee and with which the Lupus and Allied Diseases Association, Inc. (the “Organization”) has a relationship:

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- Please identify, to the best of your knowledge, any and all transactions in which the Organization is a participant and in which you have or might have a financial or personal interest:

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- Have you or any “relative” (as defined in the Conflict of Interest and Related Party Transaction Policy), had or engaged in, or do you know of any other “Covered Person” (as defined in the Conflict of Interest and Related Party Transaction Policy) that has or engaged in, any of the following? (other than matters already fully disclosed, evaluated and resolved):

		Yes	No
1.	a direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which the Organization or any affiliate participates?		
2.	a compensation arrangement or other interest in a transaction with the Organization?		
3.	a compensation arrangement or other interest in or affiliation with any entity or individual that: (a) sells goods or services to, or purchases goods or services from, the Organization; (b) competes with the Organization; or (c) the Organization has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with?		
4.	used your/their position, or confidential information or the assets of the Organization to your/their (or an affiliated party’s) personal advantage or for an improper or illegal purpose?		

5.	solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on you/them (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction)?		
6.	acquired any property or other rights in which the Organization has, or you/they know or have reason to believe at the time of acquisition that the Organization is likely to have, an interest?		
7.	an opportunity related to the activities of the Organization that is available to the Organization or to you/them, unless the Board has made an informed decision that the Organization will not pursue that opportunity?		
8.	indebtedness to the Organization, other than for amounts due for ordinary travel and expense advances?		
9.	any other circumstances that may, in fact or in appearance, make it difficult for you/them to exercise independent, objective judgment or otherwise perform effectively?		

If yes, to any of the above please describe the relevant facts (attach a separate sheet if necessary):

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**Part B: To be Completed by Directors Only**

	Yes	No
1. Have you been an employee of the Organization or an "affiliate" (as defined in the Conflict of Interest and Related Party Transaction Policy) of the Organization within the last three years?		
2. Do you have a "relative" (as defined in the Conflict of Interest and Related Party Transaction Policy) who has been a "key employee" (as defined in the Conflict of Interest and Related Party Transaction Policy) of the Organization or an affiliate of the Organization within the last three years?		

3. Have you received and/or do you have a relative who has received more than \$10,000 in direct compensation from the Organization or an affiliate of the Organization in any of the last three fiscal years (not including reasonable compensation or reimbursement for services as a director)?		
4. Do you have a financial interest in and/or are you an employee of, any entity that has made payments to or received payments from, the Organization or an affiliate of the Organization in excess of the lesser of: (a) \$25,000 or (b) 2% of such entity's consolidated gross revenue over the last three years (which payments do not include charitable contributions)? If so, what is or was the nature of your financial interest or relationship?		
5. Do you have a relative who has a financial interest in and/or who is an officer of, any entity that has made payments to or received payments from, the Organization or an affiliate of the Organization in excess of the lesser of: (a) \$25,000 or (b) 2% of such entity's consolidated gross revenue over the last three years (which payments do not include charitable contributions)? If so, what is or was the nature of your relative's financial interest or relationship?		

If yes, to any of the above please describe the relevant facts (attach a separate sheet if necessary):

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

I also acknowledge that I have received a copy of, reviewed, read and understood the Conflict of Interest and Related Party Transaction Policy and Whistleblower Policy of the Organization and agree that I have adhered and will continue to adhere to such policies.

Additionally, I understand that in order to maintain its federal tax exemption the Organization must engage primarily in activities that accomplish one or more of its tax exempt purposes.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

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

# LUPUS AND ALLIED DISEASES ASSOCIATION, INC.

## Whistleblower Policy

### I. PURPOSES

The Lupus and Allied Diseases Association, Inc. (the “Organization”) is committed to honest, ethical and lawful conduct, full, fair, accurate, timely and transparent disclosure in all public communications, and compliance with applicable laws, rules and regulations. In furtherance of these commitments, all directors, officers, employees and volunteers of the Organization (each, a “Covered Person” or “you”) must act in accordance with all applicable laws and regulations, and with the policies of the Organization at all times, and assist in ensuring that the Organization conducts its business and affairs accordingly.

This Whistleblower Policy (this “Policy”) (a) establishes procedures for the reporting and handling of concerns regarding action or suspected action taken by or within the Organization that is or may be illegal, fraudulent or in violation of any policy of the Organization, as well as any other matter that could cause serious damage to the Organization’s reputation (each, a “Concern”), and (b) prohibits retaliation against any Covered Person who reports a Concern in good faith.

By appropriately responding to Concerns, we can better support an environment where compliance is valued and ensure that the Organization is meeting its ethical and legal obligations.

### II. WHEN TO RAISE A CONCERN

You have an affirmative duty to disclose to and seek guidance from an appropriate supervisor or manager if you believe any Covered Person or other person associated or doing business with the Organization has engaged, is engaging, or may engage in any illegal or unethical behavior or has violated, or may violate any law, rule, regulation or policy of the Organization. Such reportable activity may include, for example, financial wrongdoing (including circumvention of internal controls or violation of the accounting policies of the Organization), fraud, harassment, or any other illegal, unethical, or proscribed conduct. While Concerns may be submitted at any time, you should endeavor to report a Concern as soon as reasonably possible after becoming aware of the matter.

### III. HOW TO RAISE A CONCERN

Concerns may be submitted either in writing or orally. No form is required to submit a Concern, but you are encouraged to provide as much information and detail as possible so that the Concern can be properly investigated. A Concern may be submitted:

- To the administrator of this Policy (the “Policy Administrator,” who is an employee, officer or director of the Organization, as required by law), at [Teague@dreamscape.com](mailto:Teague@dreamscape.com)
- By discussing it with a supervisor or manager, who will in turn forward the Concern to the Policy Administrator for review where appropriate; or
- In writing to the President/CEO of the Board of the Organization (the “Board”) at [Kathleen@ladainc.org](mailto:Kathleen@ladainc.org) who will in turn forward the Concern to the Policy Administrator for review where appropriate.

Concerns may be raised anonymously; provided, however, that any individual reporting his or her own violation shall not satisfy his/her obligation hereunder with a Concern raised anonymously.

#### **IV. PROCEDURES FOR RECEIVING AND REVIEWING CONCERNS**

Any supervisor, manager, or other person receiving a Concern should contact the Policy Administrator, who will coordinate further action.

The Policy Administrator will assess each Concern on a preliminary basis to determine to what extent an investigation into the Concern is required, and will direct all aspects of the investigation of any Concern. All investigations will be conducted in a confidential and sensitive manner, so that information will be disclosed only as needed to facilitate review of the investigation materials or otherwise as required by law. You must cooperate as necessary in connection with any such investigation. In the event a Concern involves or implicates the Policy Administrator, the Policy Administrator will promptly recuse himself or herself from the investigation and inform the Board in writing. The Board may investigate such Concern or appoint impartial attorneys to investigate the Concern.

#### **V. RECORDS OF CONCERNS AND INVESTIGATION REPORTS**

The Policy Administrator will maintain a written record of all Concerns summarizing in reasonable detail for each Concern: the nature of the Concern (including any specific allegations made and the persons involved); the date of receipt of the Concern; the current status of any investigation into the Concern and information about such investigation (including the steps taken in the investigation, any factual findings, and the recommendations for corrective action); and any final resolution of the Concern. The Policy Administrator will distribute an update of this record to the President/CEO in advance of each regularly scheduled meeting.

#### **VI. CONFIDENTIALITY**

All Concerns received will be treated confidentially or anonymously, as applicable, to the extent reasonable and practicable under the circumstances.

#### **VII. NO RETALIATION AGAINST WHISTLEBLOWERS**

It is the Organization's policy to encourage the communication of bona fide Concerns relating to the lawful and ethical conduct of the Organization's business. It is also the policy of the Organization to protect those who communicate bona fide Concerns from any retaliation for such reporting. **No adverse employment action may be taken and retaliation is strictly prohibited, including, without limitation, intimidation, harassment, discrimination, coercion, or otherwise, whether express or implied, against any director, officer, employee or volunteer of the Organization who in good faith reports any Concern or assists in an investigation of, or the fashioning or implementation of any corrective action or response made in connection with, any Concern.** Any person who violates this prohibition against retaliation will be subject to appropriate disciplinary action, which may include termination of employment or other relationship with the Organization.

## **VIII. POLICY DISTRIBUTION**

A copy of this Policy will be distributed to each Covered Person promptly following the adoption of or amendments to this Policy, and at such time as a person becomes a Covered Person.

## **IX. POLICY ADOPTION AND OVERSIGHT**

The Board is responsible for providing oversight of the adoption and implementation of, and compliance with this Policy. Only directors satisfying the definition of “independence” pursuant to applicable law are permitted to participate in any Board deliberations or vote on matters relating to this Policy.

**This Whistleblower Policy was unanimously adopted at the September 24, 2014 Lupus and Allied Diseases Association, Inc. Board of Directors’ Meeting at which a quorum was present.**