

**Southern Appalachian Ronald McDonald House Charities, Inc.**

**WHISTLEBLOWER POLICY**

Maintaining high standards of conduct and ethics is important to the Southern Appalachian Ronald McDonald House Charities, Inc. All board and staff members are encouraged to report fraudulent or dishonest conduct following the procedures set forth in the next section.

**How to Report**

Board and staff members should report any reasonable concern about fraudulent or dishonest use or misuse of SARMHC resources or property to the Executive Director or Board President. An employee may contact any member of the Executive Committee if they do not feel they can address the matter with the Executive Director or Board President.

Reports should contain enough information to substantiate the concern and allow an appropriate investigation to begin. Reports may be submitted anonymously. Appropriate action will be taken in response to reports. All reports received will be acted upon with information shared on a need to know basis considering legal requirements and the need to gather facts, conduct an effective investigation and to take necessary corrective action.

Reasonable care will be taken in dealing with suspected misconduct to avoid baseless allegations and premature notice to persons suspected of misconduct. All efforts will be made to avoid disclosure of suspected misconduct to persons not involved with the investigation and violations of a person's rights under the law.

**Whistleblower Protection**

SARMHC will use its best efforts to protect whistleblowers against retaliation. Whistleblower complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Whistleblowers who believe that they have been retaliated against for reporting an activity, which that person believes to be fraudulent or dishonest, may file a written complaint about such retaliation with the Executive Director, the Board President, any member of the Executive Committee. Any complaint of retaliation, including but not limited to, threats of physical harm, loss of job, punitive work assignments, or reduced salary or wages, will be promptly investigated and corrective action taken, where allegations are substantiated. This protection from retaliation is not intended to prohibit managers or supervisors from taking action, including disciplinary action, in the usual scope of their duties based on valid performance-related factors, nor is it intended to preclude disciplinary action against individuals who report baseless allegations.

*Submitted to executive committee: April 3, 2009*

*Approved: April 3, 2009*

**SOUTHERN APPALACHIAN RONALD MCDONALD HOUSE CHARITIES, INC.**

**CONFLICTS OF INTEREST  
AND DOCUMENTATION  
POLICY**

**Adopted: December 13, 2007**

**Purpose**

The purpose of the conflicts of interest policy is to protect the interest of the Southern Appalachian Ronald McDonald House Charities, Inc. (the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of the Corporation or any other interested person, as defined below. This policy supplements (but cannot replace) any applicable laws governing conflicts of interest applicable to nonprofit corporations. The procedures set forth in this policy shall be used for all actual or potential conflicts of interest transactions that the Corporation proposes to undertake, including, but not limited to, any compensation arrangement between the Corporation and an interested person.

**ARTICLE I. Definitions**

1. Interested Person. Any trustee, principal officer, member of a committee with board-delegated powers, or any other person who is in a position to exercise substantial influence over the decisions of the board who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the system of which the Corporation is a part, he or she is an interested person with respect to all entities in the system.

2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family --

(a) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or

(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 substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

3. Disinterested Trustee. A disinterested trustee is a trustee of the Corporation who is not an interested person.

## **ARTICLE II. Procedures**

1. Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all material facts to the trustees and members of committees with board-delegated powers considering the proposed transaction or arrangement in advance of the Corporation engaging in the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts relating thereto, 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.

3. Procedures for Addressing the Conflict of Interest.

(a) A potential conflict of interest transaction or arrangement shall be reviewed and voted on by either the Corporation's board of trustees or, if allowable under the Corporation's bylaws and governing state and local corporate law, by a committee of the board of trustees.

(b) An interested person may make a presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement that may result in a conflict of interest.

(c) The chairperson of the board or committee shall, if appropriate, appoint a disinterested trustee or committee of disinterested trustees to investigate alternatives to the proposed transaction or arrangement.

(d) The board or committee must carefully consider whether obtaining appropriate comparability data or a reasoned opinion is necessary in order to evaluate the fairness and reasonableness of the proposed transaction or compensation arrangement in question.

(e) After exercising due diligence, the board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(f) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination. The transaction may not be authorized, approved or ratified by a single disinterested trustee.

(g) The presence of the trustee, who is directly or indirectly a party to the transaction or arrangement or a trustee who is otherwise not a disinterested trustee, may be counted in determining whether a quorum is present but may not be counted when the board of trustees or a committee of the board takes action on the transaction. If a committee of the board of trustees is voting on the transaction, the quorum requirement shall be determined in accordance with the Corporation's bylaws and state and local law.

4. Violations of the Conflicts of Interest Policy.

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

(b) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**ARTICLE III. Procedure for Grant Requests**

If the Corporation is considering a request for a grant to a charitable organization for which an interested person or the relative of an interested person performs services, the interested person shall disclose the existence of and any material facts relating to his or her position with the organization or the position of his or her relative with the organization. The interested person need not leave the meeting during the discussion of, and vote on, the grant request, but shall abstain from voting on the grant request. The procedure set forth in this Article IV shall not be subject to the documentation requirements set forth in Article V, except that the minutes of meetings of the board and all committees with board delegated powers shall reflect when an interested person abstains from voting on the grant request.

#### **ARTICLE IV. Documentation of Proceedings, Decision and Comparability Data**

The minutes of the board and all committees with board-delegated powers shall contain --

(a) 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; and

(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, the actions taken with respect to consideration of the transaction by any board member, with a conflict of interest in the transaction or arrangement, and a record of any votes taken in connection therewith;

(c) documentation of comparability data used, how the comparability data was obtained, and the analysis involved in the decision to determine whether the proposed arrangement or transaction in question was fair and reasonable; and

(d) the terms of the transaction or arrangement that was approved and the date it was approved.

#### **ARTICLE V. Compensation Committees**

A voting member of the board of trustees or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services, including compensation as an independent contractor, is precluded from voting on matters pertaining to that member's compensation.

#### **ARTICLE VI. Annual Statements**

Each trustee, principal officer and member of a committee with board-delegated powers shall annually sign a statement which affirms that such person --

(a) has received a copy of the conflicts of interest policy,

(b) has read and understands the policy,

(c) has agreed to comply with the policy, and

(d) understands that the Corporation is a tax-exempt organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes and refrain from activities that confer an impermissible private benefit or result in private inurement.

## **ARTICLE VII. Periodic Reviews**

To ensure that the Corporation operates in a manner consistent with its tax-exempt 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. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangements and benefits are reasonable and are the result of arms-length bargaining.

(b) Whether partnership and joint venture arrangements and arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's tax-exempt purposes and do not result in private inurement or impermissible private benefit.

(c) Whether the other agreements and transactions involving the Corporation further the Corporation's tax-exempt purposes and do not result in private inurement or impermissible private benefit.

## **ARTICLE VIII. Use of Outside Experts**

In conducting the periodic reviews provided for in Article VIII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.