

Community Lutheran Partners, Inc.

Conflict of Interest Policy

Effective Date: In Progress

Review Date: Yearly

Disclosure and Attachments 1 and 2 are "Confidential" when completed.

Policy No. P10

CONFIDENTIAL

**Community Lutheran Partners Inc.
(The "Corporation")**

Delivered To: _____

As a tax-exempt charitable organization, the Corporation must comply with certain requirements of the Internal Revenue Service (the "IRS") with respect to the conduct of business. To retain its federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code, the Corporation must be both organized and operated primarily for one or more permissible tax-exempt purposes. In essence, a permissible tax-exempt purpose serves a public interest and not a private interest. The IRS has stated that this restriction, known as the prohibition against "private inurement," means, in its simplest terms, that a private individual cannot directly or indirectly receive remuneration from a tax-exempt charitable organization except as reasonable payment for goods and services.

To comply with the IRS' prohibition against private inurement, the Corporation has adopted the enclosed Conflict of Interest policy to identify actual or potential conflicts of interest between the tax-exempt objective of the Corporation and its business activities with private individuals and organizations.

It is important to Community Lutheran Partners that all officers, directors and employees comply with the enclosed policy because the IRS has the authority to revoke the tax-exempt status of any charitable organization that engages in a prohibited transaction.

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The IRS also has the authority to impose intermediate sanctions on officers, directors and other persons who are Disqualified Persons, (as defined in the policy) of the charity where the charity and the Disqualified Person engage in an excess benefit transaction. An "excess benefit transaction" is any transaction in which the value of the economic benefit provided by a tax-exempt organization to the Disqualified Person exceeds the consideration received by the organization. It includes, for example, unreasonable compensation arrangements, certain revenue sharing arrangements, leases where the lessor exempt organization receives less than fair rental value, leases where the lessee exempt organization pays a rent that exceeds fair market value, and other payments to a Disqualified Person in transactions that violate the prohibition on private inurement. An excess benefit transaction may occur directly between the exempt organization and the Disqualified Person, or indirectly through an affiliate of the exempt organization.

The intermediate sanction is in the form of an excise tax equal to 25% of the excess benefit imposed on the individual that engaged in the excess benefit transaction. In addition, if the excess benefit is not timely corrected, there is a second tier tax equal to 200% of the excess benefit. Also, a penalty tax equal to 10% of the excess benefit may also be imposed on any organization manager (e.g., director, officer, trustee or individual with similar powers and responsibilities) who knowingly participates in the excess benefit transaction.

Compliance with the completion of the attached Annual Conflict of Interest Disclosure Statement, will help the Corporation avail itself of a presumption that any particular transaction entered into by the Corporation is fair and reasonable and not an excess benefit transaction.

This Conflict of Interest Policy applies to all employees, directors, officers, trustees and members of committees and subcommittees having board-delegated powers. Such persons should complete the attached Annual Conflict of Interest Disclosure Statement.

In addition to the completion of the Annual Conflict of Interest Disclosure Statement, every such person should make immediate and appropriate disclosure if a conflict appears or is threatened during the course of negotiations of a business transaction with the Corporation or an affiliate of the Corporation.

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Annual Conflict of Interest Disclosure Statement

Name: _____

I. EMPLOYMENT

A. Current Position: _____

B. Other Employment:

1. Name of Employer(s): _____

2. Position(s): _____

C. If you are employed by a company other than or in addition to the Corporation, please answer the following questions:

1. To the best of your knowledge, does your employer offer any service (e.g. medical, legal, accounting) or product to, or do business with, the Corporation?

Yes _____ No _____

2. If you answered yes above, what is the service or product and what is the estimated annual dollar volume of such business?

3. To the best of your knowledge, does your employer offer any service (including professional services) or product to, or do business with, any other organization that is affiliated with the Corporation?

Yes _____ No _____

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4. If you answered yes above, please describe the service or product and dollar volume of such business:

II. DIRECT AFFILIATIONS

If you (a) have an ownership or investment interest in; (b) have a compensation or employment arrangement with; or (c) are an uncompensated director, trustee or officer of any entity that provides services or products for the Corporation or any affiliate of the Corporation please complete **Attachment 1.**

III. INDIRECT AFFILIATIONS

If any Family Member, as defined in the Conflict of Interest Policy, (a) has an ownership or investment interest in; (b) has a compensation or employment arrangement with; or (c) serves as an uncompensated director, trustee or officer of any entity that provides services or products to the Corporation or any affiliate of the Corporation(e.g., contracts with the Corporation or an affiliate, or competes with it or an affiliate, please complete **Attachment 2.**

IV. ACKNOWLEDGEMENT

By signature below, I hereby certify that I (a) have received a copy of the Corporation's Conflict of Interest contained in its Bylaws and have read and understand its requirements; (b) understand that the Corporation 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; (c) acknowledge that the policy may apply to me in my capacity as an employee, director, trustee, or officer of the Corporation or any affiliate of the Corporation, or as a member of a committee or subcommittee of the Corporation or an affiliate having board-delegated powers; and (d) agree to comply with the requirements of the policy and make all proper and appropriate disclosures as may be necessary to comply with the policy.

Signature: _____

Date: _____

ATTACHMENT 1

DIRECT AFFILIATIONS

1. Name of entity(ies): _____
2. How long have you been associated with the entity(ies): _____
3. What is the nature of your relationship with the entity(ies)? (include ownership interests through a business and investment interests, including debt and equity interests):

4. Have you served as an officer, director or trustee of the entity(ies)? If yes, when:

5. In what capacity will you be serving for the next 12 months:

6. What is the annual dollar volume, if any, between the Corporation, and any affiliate of the Corporation, and the entity(ies):

ATTACHMENT 2

INDIRECT AFFILIATIONS

1. Name of entity(ies): _____
2. Name of Family Member(s): _____
3. How long has the Family Member been associated with the entity(ies):

4. What is the relationship with the entity(ies):

5. Has the Family Member served as an officer, director or trustee of the entity(ies)? If yes, when:

6. In what capacity will the Family Member be serving for the next 12 months:

7. What is the annual dollar volume, if any, between the Corporation, and any affiliate of the Corporation, and the entity(ies):
