



16-Mar-09

**SPECIAL K RANCH, INC.
CONFLICT OF INTEREST AND GIFT POLICIES**

SECTION 1. PURPOSE:

Special K Ranch, Inc. (SKR) is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of SKR as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between SKR and its board of directors, officers, and management employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The board, officers, and management employees have the responsibility of administering the affairs of SKR honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of SKR. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with SKR or knowledge gained there from for their personal benefit. The interests of SKR must be the first priority in all decisions and actions.

SECTION 2. PERSONS CONCERNED:

This statement is directed not only to directors and officers, but to all employees who can influence the actions of SKR. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning SKR.

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to SKR.
2. Persons and firms from whom SKR leases property and equipment.

3. Persons and firms with whom SKR is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting SKR.
6. Agencies, organizations and associations which affect the operations of SKR.
7. Family members, friends, and other employees.

SECTION 4. NATURE OF CONFLICTING INTEREST:

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms listed in Section 3. Such an interest might arise through:

1. Owning an interest in or holding debt or other proprietary interests, directly or indirectly in any third party dealing with SKR.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with SKR.
3. Receiving remuneration for services with respect to transactions involving SKR.
4. Using SKR's time, personnel, equipment, supplies, or good will for other than SKR approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with SKR. Receipt of any gift is disapproved except gifts of \$50 or less, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of SKR.

However, it is the policy of the board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

SECTION 6. DISCLOSURE POLICY AND PROCEDURE:

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The board or a duly constituted committee thereof has determined that the transaction is in the best interest of SKR.

Disclosure in the organization should be made to the Executive Director or if the Executive Director is the one with the conflict, then to the President, who shall bring the matter to the attention of the board or a duly constituted committee thereof. Disclosure involving directors should be made to the President, or if the President is the one with the conflict, then to the Vice President, who shall bring the matter to the board or a duly constituted committee thereof.

The board or a duly constituted committee thereof shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to SKR. The decision of the board or a duly constituted committee thereof on these matters will rest in their sole discretion, and their concern must be the welfare of SKR and the advancement of its purpose.

SECTION 7. GIFT POLICY AND DISCLOSURE: As part of its conflict of interest policy, SKR requires that directors, officers and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with SKR or are a competitor of it, in accordance with the following policy:

(a) **Definitions:**

(i) "Responsible Person" is any person serving as an officer, employee or a member of the board of directors of SKR.

(ii) "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to SKR is not a "Contract or Transaction."

(b) **Prohibited Gifts, Gratuities and Entertainment:** Except as approved by the President of SKR or the President's designee, or for gifts of \$50 or less which could not be refused without discourtesy, no Responsible Person shall accept gifts, entertainment or other favors from any person or entity which:

(i) Does or seeks to do business with SKR or,

(ii) Does or seeks to compete with SKR or,

- (iii) **Has received, is receiving, or is seeking to receive a Contract or Transaction with SKR.**

SECTION 8. CONFLICT OF INTEREST and GIFT DISCLOSURE FORM:

Attached to this Policy is a Conflict of Interest and Gift Disclosure Statement which shall be completed by all employees, officers and directors upon commencement of their service with SKR and submitted to the Executive Director. The completed Statement shall be reviewed by the Executive Director and the President for identification of any disclosed conflicts of interest or violations of the gift policy. If any conflicts of interest or gift policy violations are disclosed which require action by SKR, then the Executive Director or the President of SKR, as directed by the President, shall take such action as is deemed necessary in accordance with this policy.