

CONFLICT OF INTEREST POLICY OF AMATEUR RADIO DIGITAL COMMUNICATIONS

Article I Purpose

The purpose of the conflict of interest policy is to protect the interest of Amateur Radio Digital Communications, a California nonprofit public benefit corporation (the "Organization"), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or key employee of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

For purposes of this Conflict of Interest Policy, the following terms are defined as follows:

1. Interested Person

Any director, principal officer, member of a committee with governing board delegated powers, or key employee, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family (as defined below):

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement;
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement; or
- d. Any other material financial interest or economic benefit that would be subject to applicable laws regarding (i) self-dealing under the California Nonprofit Public Benefit Corporation Law or (ii) excess benefit transactions under the Internal Revenue Code Section 4958.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

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 governing board or committee with board delegated powers ("Committee") decides that a conflict of interest exists.

3. Family

A person's spouse, domestic partner, ancestors (e.g., parents, grandparents), children (whether natural or adopted), grandchildren, great-grandchildren, brothers and sisters (whether by the whole or half blood), and the spouses and domestic partners of such person's children, grandchildren, great-grandchildren, brothers, and sisters.

4. Key Employee

An employee of the Organization (other than an officer, director, or trustee) who meets all three of the following tests, applied in the following order:

1. \$150,000 Test: Receives reportable compensation from the Organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the Organization's tax year.
2. Responsibility Test:
 - a. Has responsibilities, powers, or influence over the Organization as a whole that are similar to those of officers, directors, or trustees;
 - b. Manages a discrete segment or activity of the Organization that represents 10 percent or more of the activities, assets, income, or expenses of the Organization, as compared to the Organization as a whole; or
 - c. Has or shares authority to control or determine 10 percent or more of the Organization's capital expenditures, operating budget, or compensation for employees.
3. Top 20 Test: Is one of the 20 employees (that satisfy the above two tests) with the highest reportable compensation from the Organization and related organizations for the calendar year ending with or within the Organization's tax year.

5. Principal Officer

The president, chair of the board, chief executive officer, chief operating officer, chief financial officer, treasurer, executive director, or any person with the responsibilities of any of these offices.

Article III **Procedures**

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of any Committee considering the proposed transaction or arrangement. The interested person shall make such disclosure in a timely manner upon learning of the financial interest associated with any transaction or arrangement, whether existing or proposed.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the governing board ("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

The Board or Committee shall follow the following procedures in order to determine whether to enter into a transaction or arrangement involving a possible conflict of interest and, if the Organization does enter into such transaction or arrangement, to ensure that the terms of the transaction or arrangement are fair and reasonable as to the Organization.

- a. An interested person may make a presentation at the Board or Committee meeting, but after the presentation, the interested person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chair of the Board or Committee shall, if appropriate, appoint a disinterested person or Committee to investigate alternatives to the proposed transaction or arrangement.
- c. The Board or Committee shall exercise reasonable due diligence in gathering sufficient information about the proposed transaction or arrangement, the interested person's conflict of interest, and possible alternatives (e.g., comparability data) to be able to determine the fairness and reasonableness of the transaction or arrangement.
- d. The Board shall consider and in good faith determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- e. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a vote of a majority of the directors then in office without counting the vote of the interested director or directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it will be fair and reasonable as to the

Organization at the time the Organization is to enter into the transaction or arrangement. In conformity with the above determination, the Board shall make its decision as to whether to enter into the transaction or arrangement.

- f. If it is not reasonably practicable to obtain approval of the Board consistent with the standards set forth in subsections d and e (the "Standards") prior to entering into the transaction or arrangement, a Committee shall make the determination of whether to enter into such transaction or arrangement in a manner consistent with the Standards; and the Board shall consider in good faith whether (i) it was not reasonably practicable to obtain approval of the Board prior to entering into the transaction or arrangement, and (ii) the Committee approved the transaction or arrangement in a manner consistent with the Standards. If the Board determines that the conditions of (i) and (ii) were met, it may by a vote of the majority of the directors then in office without counting the vote of the interested director or directors ratify the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the Board or Committee has reasonable cause to believe that one of its members has failed to disclose an actual or possible conflict 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 member's response and after making further investigation as warranted by the circumstances, the Board or Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, which may include, but is not limited to, removal from the Board and any Committee.

Article IV **Records of Proceedings**

The minutes of the Board and all Committees 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.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the extent to which interested persons were excluded from the deliberations, the content of the discussion (including any alternatives to the proposed transaction or arrangement and comparability data or other information reviewed in connection with the discussion), and a record of any votes taken in connection with the proceedings.

The minutes must be prepared by the later of (i) the next Board or Committee meeting or (ii) 60 days after the final action of the Board or Committee with respect to the transaction or arrangement.

Article V **Compensation**

- a. A voting member of the Board or any Committee who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. No voting member of the Board or any Committee who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to the Board or any Committee regarding compensation.

Article VI **Annual Affirmation and Disclosures**

Each director, Principal Officer, Committee member, and Key Employee shall annually sign a statement which:

- a. Affirms that the person has received a copy of the conflict of interest policy, has read and understood the policy, and has agreed to comply with the policy; and
- b. Discloses that person's interests that could reasonably give rise to conflicts of interest.

All such statements by directors, officers, Committee members, and Key Employees shall be filed with the minutes of the Board or Committee.

Article VII **Periodic Reviews**

To ensure the Organization operates in a manner consistent with its charitable purposes and tax-exempt status, periodic reviews of this conflict of interest policy, its administration, and its enforcement shall be conducted.

Article VIII **Use of Outside Experts**

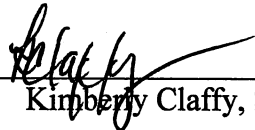
When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

CERTIFICATE OF SECRETARY

The undersigned hereby certifies that:

1. I am the duly elected and acting Secretary of Amateur Radio Digital Communications, a California nonprofit public benefit corporation; and
2. The foregoing Conflict of Interest Policy consisting of 5 pages constitutes the Conflict of Interest Policy of such corporation as duly adopted by the Board of Directors on March 3, 2019, and has not been amended or modified since such date.

21mar IN WITNESS WHEREOF, I have executed this Certificate as of this
_____, 2019.



Kimberly Claffy, Secretary