CONFLICT OF INTEREST

PURPOSE
The LFOH, a not for profit corporation recognized by the Internal Revenue Service as a 501(c)(3) organization. Its mission is to assist the popular democratic movement in Haiti. The LFOH provides financial resources, training and technical assistance to peasant-led community organizations that promote the social and economic empowerment of the Haitian people.

In order to maintain its federal tax exempt status LFOH must engage primarily in activities that accomplish one or more of its tax-exempt purposes. The purpose of the Conflict of Interest Policy is to protect the LFOH’s interests when it is contemplating entering into a transaction or business arrangement and to provide the means necessary to identify and address conflicts of interest. The policy is applicable to the Board of Directors and highly compensated employees of LFOH. 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.

DEFINITIONS
1. Conflict of Interest
   A Conflict of Interest is a situation in which the personal and/or financial interests of an individual Board member or highly compensated employee are in conflict with the interests of LFOH. Conflicts of interest create the possibility that an individual’s decision to enter into a transaction or business arrangement may be unduly influenced by personal interests rather than based on the best interests of LFOH.

2. Interested Party
   An interested party is any director or senior employee who has a direct or indirect financial and/or personal interest and has the ability to influence a transaction or business arrangement at issue in the conflict of interest.

3. Financial Interest
   A party has a financial interest if the party has, directly or indirectly, any of the following relationships: (a.) An ownership or investment interest in any entity with which LFOH has a transaction or arrangement; (b.) A compensation arrangement with LFOH or with any entity or individual with which LFOH has an actual or proposed transaction or arrangement; (c.) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which LFOH is negotiating a transaction or arrangement.

   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 “Procedures, Determination of the Existence of a Conflict of Interest”, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

PROCEDURES
1. Duty To Disclose
   In connection with any actual or possible conflict of interest, an interested party must disclose the existence of the financial and/or personal interests and be given the opportunity to disclose all material facts to the disinterested directors.

2. Determination of the Existence of a Conflict of Interest
After disclosure of the financial or personal interest and all material facts, and after any discussion with the interested party, he or she shall leave the board 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. An interested party may make a presentation at the Board of Directors meeting, but after the presentation he or she 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 of Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
   c. After exercising due diligence, the Board of Directors shall determine whether LFOH 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.
   d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in LFOH's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

3. Violations of the Conflicts of Interest Policy
   a. If the Board of Directors has reasonable cause to believe a director or employee has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
   b. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Board of Directors determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.