



Honoring America's Greatest

Supporting Veterans & Families

September 15th, 2018 (revised)

Subject: LZ Pony Veterans Foundation (herein referred to as “LZPVF”),
Board Independence and Conflict of Interest Policy.

1. LZPVF, its affiliates, components, and all Officers, Directors, Trustees (Incorporators*), delegates and committee members, shall scrupulously avoid any conflict between their own respective personal, professional or business interests and the interests of the Foundation, in any and all actions taken by them on behalf of the Foundation in their respective capacities.

2. This policy has several purposes.

The first is to comply with the IRS rule and regulations for filing the IRS form 990, with particular emphasis on the requirements described within Part VI.

The second is to ensure the Board members remain independent and can exercise prudent, independent judgment, so that objective decisions are based solely on the best interest of the organization.

Lastly, compliance with the IRS form 990, Part VI requires an annual questionnaire to be provided to all Board members, stating a “request for information pertaining to family members and business relationships with any Officer, Director, Trustee (Incorporator*), or key employee**”.

3. Each Director, prior to taking his position on the Board, and all present Directors shall submit in writing to the Chairman of the Board a list of all businesses or other organizations of which he is an officer, director, trustee, member, owner (either as a sole proprietor or partner), shareholder, employee or agent, with which the Corporation has, or might reasonably in the future enter into a relationship or a transaction in which the Director would have conflicting interests. The Chairman of the Board shall become familiar with the statements of all Directors in order to guide his conduct should such a conflict arise.

4. At such time as any matter comes before the Board in such a way as to give rise to a conflict of interest, the Foundation must be notified and the affected Director shall make known the potential conflict, whether disclosed by his or her written statement or not.

* Within the context of this document, the role of LZPVF “Incorporator” shall be interchangeable with the IRS definition of “Trustee”.

** LZPVF is a 100% volunteer organization that maintains no employees and provides no form of compensation to its Officers or Directors.

Further, the Foundation must be notified and the relationship disclosed in the event that any Officer, Director, Trustee (Incorporator*), or employee** of the Foundation shall have any direct or indirect interest in, or relationship with, any individual or organization which may propose to enter into any transaction with the Foundation, including but not limited to transactions involving the following:

- a. The sale, purchase, lease, or rental of any property or other assets.
- b. Inferred employment or rendition of services, personal or otherwise.
- c. The award of any grant, contract, or subcontract.
- d. The investment or deposit of any funds of the Foundation.
- e. All relationships of Board Members will be disclosed to the Board of Directors prior to voting on any contract. Any type of ownership interest or fee sharing arrangement with an entity will be disclosed.
- f. All fees that are charged shall be deemed reasonable by Board majority vote, for the services rendered. Whenever practicable, an RFP shall be generated for the receipt of multiple bids, utilizing the competitive bid process for goods and services. This shall include items such as rent, physical property, advertising, promotional items, contractual services, and other forms of remuneration.
- g. Any Board member who will be impacted by an action of the Board shall abstain from voting on such an action. The member's presence, however, will be counted towards the quorum of that respective meeting. After answering any questions that might be asked him or her, the affected Director shall withdraw from the meeting for so long as the matter shall continue under discussion. Should the matter be brought to a vote, neither the affected Director nor any other Director with a pecuniary benefit related to the transaction with the Corporation, shall vote on it.
- h. A "super majority" of 75 percent of all Directors must approve any transactions where there is any potential for self-dealing.

4. The Foundation shall provide an annual questionnaire to all Board members requesting information to confirm "independence" and request potential conflict of interest disclosure of family relationship or business relationship with any Officer, Director, Trustee (Incorporator*), or key employee**.

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- a. The definitions of “independence” and “family and business relationships” and examples, directly refer to and include excerpts from the IRS form 990, Part VI instructions.
 - (1) Independent Board Members are defined as follows: members who; (a) are not compensated by the organization as employees** or independent contractors; (b) do not have their compensation** set by individuals who are compensated** by the organization; (c) do not receive, directly or indirectly, material financial benefits from the organization except as a member of the charitable class served by the organization, or (d) are not related to anyone described in (a) through (c), or reside with a person so described.
 - (2) Interested persons include: Officers, Directors, Trustees (Incorporators*), key employees**, and substantial contributors.
 - (3) Family and related parties include spouses, children, and immediate family members Officers, Directors, Trustees (Incorporators*), key employees**, and substantial contributors.

5. This policy shall ensure the LZ Pony Veterans Foundation Board remains independent and operates without conflict of interest and reports in accordance with the rules and regulations set forth and required by the IRS. This policy shall be reviewed annually.



Robert L. Fulmer
President
LZ Pony Veterans Foundation

On this day, September 15th, 2018

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