

**The Lonely Entrepreneur, Inc.**  
**(“the Corporation” or “TLE”)**  
**POLICY**

**CONFLICT OF INTEREST AND COMPENSATION POLICY**  
**GIFT ACCEPTANCE POLICY**  
**WHISTLEBLOWER POLICY**  
**NON-DISCRIMINATION POLICY**

**CONFLICT OF INTEREST AND COMPENSATION POLICY**

**I. Overview**

**1. Purpose**

The purpose of this Conflict of Interest and Compensation Policy (the “policy”) is to protect the Corporation’s interests when it is considering taking an action or entering into a transaction that might benefit the private interests of a director, officer or **key person**<sup>1</sup>, result in the payment of excessive compensation to a director, officer or key person; or otherwise violate state and federal laws governing conflicts of interest applicable to nonprofit, charitable organizations.

**2. Why is a policy necessary?**

As a nonprofit, charitable organization, the Corporation is accountable to both government agencies and members of the public for responsible and proper use of its resources. Directors, officers and employees have a duty to act in the Corporation’s best interests and may not use their positions for their own financial or personal benefit.

Conflicts of interest must be taken very seriously since they can damage the Corporation’s reputation and expose both the Corporation and affiliated individuals to legal liability if not handled appropriately. Even the appearance of a conflict of interest should be avoided, as it could undermine public support for the Corporation.

**3. To whom does the policy apply?**

This policy applies to all directors, officers and key persons (“you”)<sup>2</sup>.

**II. Identifying Conflicts of Interest**

**1. What is a conflict of interest?**

A potential conflict of interest arises when a director, officer or key person, or that person’s **relative**<sup>3</sup> or business (a) stands to gain a financial benefit from an action the Corporation takes or a transaction into which the Corporation enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the director, officer or key person in discharging their duties to the Corporation.

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<sup>1</sup> **Key person** means a person, other than a director or officer, whether or not an employee of the Corporation, who:

- a) has responsibilities, or exercises powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of directors and officers;
- b) manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income, or expenses of the Corporation; or
- c) alone or with others controls or determines a substantial portion of the Corporation’s capital expenditures or operating budget.

<sup>2</sup> Organizations may choose to make the policy applicable to all of their employees, not just key persons.

<sup>3</sup> **Relative** means a person’s spouse or domestic partner, ancestors, brothers and sisters (whether whole or half- blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and great-grandchildren.

## 2. **What are some examples of potential conflicts of interest?**

It is impossible to list all the possible circumstances that could present conflicts of interest. Potential conflicts of interest include situations in which a director, officer or key person or that person's relative or business:

- has an ownership or investment interest in any third party that the Corporation deals with or is considering dealing with;
  - serves on the board of, participates in the management of, or is otherwise employed by or volunteers with any third party that the Corporation deals with or is considering dealing with;
  - receives or may receive compensation or other benefits in connection with a transaction into which the Corporation enters;
  - receives or may receive personal gifts or loans from third parties dealing with the Corporation;
  - serves on the board of directors of another nonprofit organization that is competing with the Corporation for a grant or contract;
  - has a close personal or business relationship with a participant in a transaction being considered by the Corporation;
  - would like to pursue a transaction being considered by the Corporation for their personal benefit.
3. In situations where you are uncertain, err on the side of caution and disclose the potential conflict as set forth in Section III of this policy.
4. **A potential conflict is not necessarily a conflict of interest.** A person has a conflict of interest only when the Board of Directors decides, pursuant to Section IV of this policy, that a conflict of interest exists.

### III. **Disclosing Potential Conflicts of Interest**

1. You must disclose to the best of your knowledge all potential conflicts of interest as soon as you become aware of them and always before any actions involving the potential conflict are taken. Submit a signed, written statement disclosing all the material facts to the Chairperson of the Board of Directors.
2. You must file an annual disclosure statement in the form attached to this policy. **If you are a director**, you must also file this statement prior to your initial election. Submit the form to the Chairperson of the Board of Directors.

### IV. **Determining Whether a Conflict of Interest Exists**<sup>4</sup>

1. After there has been disclosure of a potential conflict and after gathering any relevant information from the concerned director, officer or key person, the Chairperson of the Board of Directors shall determine whether there is a conflict of interest. The director, officer or key person shall not be present for deliberation or vote on the matter and must not attempt to influence improperly the determination of whether a conflict of interest exists.
2. In determining whether a conflict of interest exists, the Chairperson of the Board of Directors shall consider whether the potential conflict of interest would cause a transaction entered into by the Corporation to raise questions of bias, inappropriate use of the Corporation's assets, or any other impropriety.

3. A conflict always exists in the case of a **related party transaction** – a transaction, agreement or other arrangement in which a **related party**<sup>5</sup> has a financial interest and in which the Corporation or any affiliate of the Corporation is a participant.<sup>6</sup>
4. If the Chairperson of the Board of Directors determines that there is a conflict of interest, it shall refer the matter to the full board of directors (“Board”).

## V. **Procedures for Addressing a Conflict of Interest**

1. When a matter involving a conflict of interest comes before the board, the board may seek information from the director, officer or key person with the conflict prior to beginning deliberation and reaching a decision on the matter. However, a conflicted person shall not be present during the discussion or vote on the matter and must not attempt to influence improperly the deliberation or vote.
2. **Additional Procedures for Addressing Related Party Transactions**
  - a. The Corporation may not enter into a related party transaction unless, after good faith disclosure of the material facts by the director, officer or key person, the board or a committee authorized by the board determines that the transaction is fair, reasonable and in the Corporation's best interest at the time of such determination.
  - b. If the related party has a substantial financial interest, the board or authorized committee shall:
    - i. prior to entering into the transaction, consider alternative transactions to the extent available;
    - ii. approve the transaction by a vote of not less than a majority of the directors present at the meeting; and
    - iii. contemporaneously document in writing the basis for its approval, including its consideration of any alternative transactions.

## VI. **Minutes and Documentation**

The minutes of any board meeting at which a matter involving a conflict of interest or potential conflict of interest was discussed or voted upon shall include:

- A. the name of the interested party and the nature of the interest;
- B. the decision as to whether the interest presented a conflict of interest;

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<sup>5</sup> A **related party** is:

1. a director, officer or key person of the Corporation or any affiliate of the Corporation, or
2. a relative of any individual described in (1), or
3. an entity in which any individual described in (1) or (2) has an ownership or beneficial interest of 35% or more, or in the case of a partnership or professional Corporation, a direct or indirect ownership interest in excess of 5%.

<sup>6</sup> A transaction is not a related party transaction if:

1. the transaction, or the related party's financial interest in the transaction, is *de minimis*;
2. the transaction would not customarily be reviewed by the board or the boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms;
3. the transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that the Corporation intends to benefit as part of the accomplishment of its mission (and that benefit is available to all similarly situated members of the same class on the same terms).

- C. any alternatives to a proposed contract or transaction considered by the board; and
- D. if the transaction was approved, the basis for the approval.

**VII. Prohibited Acts**

The Corporation shall not make a loan to any director or officer.

**VIII. Procedures for Determining Compensation**

1. No person shall be present for or participate in board or committee discussion or vote pertaining to:
  - a. their own compensation;
  - b. the compensation of their relative;
  - c. the compensation of any person who is in a position to direct or control them in an employment relationship;
  - d. the compensation of any person who is in a position to directly affect their financial interests; or
  - e. any other compensation decision from which the person stands to benefit.
2. In the case of compensation of Key Persons, the following additional procedures apply:
  - a. The board or a committee authorized by the board shall approve compensation before it is paid.
  - b. The board or authorized committee shall base approval of compensation on appropriate data, including compensation paid by comparable organizations (three are sufficient if the Corporation's income is less than \$1,000,000) for functionally similar positions, availability of similar services in the geographic area of the Corporation, and compensation surveys compiled by independent firms.
  - c. The board or authorized committee shall contemporaneously document:
    - i. the terms of compensation and date of determination;
    - ii. the members of the board or committee who were present and those who voted for it;
    - iii. the comparability data relied on and how it was obtained;
    - iv. if the compensation is higher or lower than the range of comparable data, the basis for the determination, and;
    - v. any actions with respect to consideration of the compensation by anyone on the board or committee who had a conflict of interest with respect to the matter.

## **Conflict of Interest Disclosure Statement**

By signing below, I affirm that:

1. I have received and read a copy of the Conflict of Interest and Compensation Policy;
2. I agree to comply with the policy;
3. I have no actual or potential conflicts as defined by the policy or if I have, I have previously disclosed them as required by the policy or am disclosing them below.

Disclose here, to the best of your knowledge:

1. any entity in which you participate (as a director, officer, employee, owner, or member) with which the Corporation has a relationship;
2. any transaction in which the Corporation is a participant as to which you might have a conflicting interest; and
3. any other situation which may pose a conflict of interest.

## GIFT ACCEPTANCE POLICY

TLE solicits and accepts gifts for purposes that will help the organization further and fulfill its mission. TLE urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences. The following policies and guidelines govern acceptance of gifts made to TLE for the benefit of any of its operations, programs or services.

- I. *Use of Legal Counsel*—TLE will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:
  - A. Gifts of securities that are subject to restrictions or buy-sell agreements.
  - B. Documents naming TLE as trustee or requiring TLE to act in any fiduciary capacity.
  - C. Gifts requiring TLE to assume financial or other obligations.
  - D. Transactions with potential conflicts of interest.
  - E. Gifts of property which may be subject to environmental or other regulatory restrictions.
  
- II. *Restrictions on Gifts*—TLE will not accept gifts that (a) would result in TLE violating its corporate charter, (b) would result in TLE losing its status as an IRC § 501(c)(3) not-for-profit organization, (c) are too difficult or too expensive to administer in relation to their value, (d) would result in any unacceptable consequences for TLE, or (e) are for purposes outside TLE's mission. Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Committee, in consultation with the Executive Director
  
- III. *Gifts Generally Accepted Without Review*
  - A. *Cash*. Cash gifts are acceptable in any form, including by check, money order, credit card, or on-line. Donors wishing to make a gift by credit card must provide the card type (e.g., Visa, MasterCard, American Express), card number, expiration date, and name of the card holder as it appears on the credit card.
  
  - B. *Marketable Securities*. Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. All marketable securities will be sold promptly upon receipt unless otherwise directed by [Name of Organization]'s Investment Committee. In some cases marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision whether to accept the restricted securities shall be made by the Executive Committee.
  
  - C. *Bequests and Beneficiary Designations under Revocable Trusts, Life Insurance Policies, Commercial Annuities and Retirement Plans*. Donors are encouraged to make bequests to TLE under their wills, and to name TLE as the beneficiary under trusts, life insurance policies, commercial annuities and retirement plans.
  
  - D. *Charitable Remainder Trusts*. TLE will accept designation as a remainder beneficiary of charitable remainder trusts.
  
  - E. *Charitable Lead Trusts*. TLE will accept designation as an income beneficiary of charitable lead trusts
  
  - F. *Donor Advised Funds*. TLE will accept donations from donor advised funds or similar vehicles.

IV. *Gifts Accepted Subject to Prior Review*—Certain forms of gifts or donated properties may be subject to review prior to acceptance. Examples of gifts subject to prior review include, but are not limited to:

A. *Tangible Personal Property.* The Executive Committee shall review and determine whether to accept any gifts of tangible personal property in light of the following considerations: does the property further the organization's mission? Is the property marketable? Are there any unacceptable restrictions imposed on the property? Are there any carrying costs for the property for which the organization may be responsible? Is the title/provenance of the property clear?

B. *Life Insurance.* TLE will accept gifts of life insurance where TLE is named as both beneficiary and irrevocable owner of the insurance policy. The donor must agree to pay, before due, any future premium payments owing on the policy.

C. *Real Estate.* All gifts of real estate are subject to review by the Executive Committee. Prior to acceptance of any gift of real estate other than a personal residence, TLE shall require an initial environmental review by a qualified environmental firm. In the event that the initial review reveals a potential problem, the organization may retain a qualified environmental firm to conduct an environmental audit. Criteria for acceptance of gifts of real estate include: Is the property useful for the organization's purposes? Is the property readily marketable? Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property? Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property? Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?

## WHISTLEBLOWER POLICY

TLE requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of TLE , we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

V. **Reporting Responsibility.** This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that TLE can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of TLE 's code of ethics or suspected violations of law or regulations that govern TLE 's operations.

VI. **No Retaliation.** It is contrary to the values of TLE for anyone to retaliate against any board member, officer, employee or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of TLE . An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

VII. **Reporting Procedure.** TLE has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with [insert here another title, such as Executive Director, or a board member, if the organization is very small and involving the board would be appropriate]. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to TLE 's Compliance Officer [or designated employee or board member], who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to their supervisor or the Executive Director or the organization's Compliance Officer [or other designated person].

VIII. **Compliance Officer.** TLE's Compliance Officer is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The Compliance Officer will advise the Chairman of the Board of Directors of all complaints and their resolution and will report at least annually to the Board [on compliance activity relating to accounting or alleged financial improprieties.

IX. **Accounting and Auditing Matters.** TLE's Compliance Officer shall immediately notify the Audit Committee/Finance Committee of any concerns or complaint regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved. \

X. **Acting in Good Faith.** Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

XI. **Confidentiality.** Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

XII. **Handling of Reported Violations.** TLE's Compliance Officer will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.



## **NON-DISCRIMINATION POLICY**

It is the policy and commitment of TLE that it does not discriminate against any person, group, organization, or affiliation including, without limitation, on the basis of:

- race
- age
- color
- sex
- expression of gender
- national origin
- physical or mental disability
- religion
- appearance
- military service
- previous incarceration
- or any other designation prohibited by law.

This policy encompasses all activities of TLE including, without limitation:

- employment matters
- vendor management
- service delivery

Any employee, board member, volunteer, vendor or client who believes that s/he or any other affiliate of TLE has been discriminated against is strongly encouraged to report this concern promptly to the Executive Director.

In addition, harassment of a client, staff person or guest because of any of the criteria noted above is specifically prohibited and may be grounds for termination. Harassment and intimidation includes abusive, foul or threatening language or behavior. TLE is committed to maintaining a workplace that is free of any such harassment and will not tolerate discrimination against staff members, volunteers or clients. Issues of discriminatory treatment, harassment, or intimidation on any of these bases should immediately be reported to the Executive Director or immediate supervisor and, if substantiated, prompt action will be taken.