

GOODWILL INDUSTRIES OF COLORADO SPRINGS

Memorandum 10-16

February 24, 2011

ADMINISTRATION AND GENERAL

Conflict of Interest and Confidentiality Policies

CONFLICT OF INTEREST POLICY

PURPOSE: To establish a policy and guidelines to help ensure that all actions taken by the Board of Directors, officers, and administrative team members of Goodwill Industries of Colorado Springs (hereafter referred to as GICS to include Goodwill Industrial Services Corporation, Goodwill Industries of Colorado Springs Foundation, and any existing or yet to be formed affiliate[s] of GICS) satisfy the duties of loyalty and care which require them to act in the best interests of GICS and which prohibit them from benefiting personally to the potential detriment of GICS. Administrative team members include any other positions that report to the President/CEO, the President/CEO's administration staff, and all employees in director level positions.

1. GENERAL:

- A. These guidelines will assist the above-listed individuals to fulfill their fiduciary duties to GICS in maintaining the standard of integrity expected by the general public and required by state corporation law, and in satisfying the legal requirements imposed by the federal, state and local governments.
- B. GICS is a nonprofit, charitable organization whose primary mission is to strive to achieve the full participation in society of persons with disabling and disadvantaging conditions by expanding their opportunities and occupational capabilities.
- C. Under applicable laws and its own bylaws, ultimate authority for managing GICS's affairs resides with its Board of Directors, which is composed of lay volunteers and the employed President/CEO.
- D. This Policy applies to the Board of Directors, officers, and administrative team members of GICS. These individuals in this Policy shall be referred to as "Covered Individuals".
- E. This Policy defines a conflict of interest as a situation where a Covered Individual either has the potential to benefit personally at the expense of GICS, or has a fiduciary duty to another entity that may prevent him or her from acting in the best interests of GICS. For example, a Covered Individual has a conflict of interest if he or she has a contractual relationship (or proposed relationship) with GICS. More generally, conflicts of interest commonly may arise through substantial interests that Covered Individuals have in entities whose best interests may be impaired by the best interests of GICS. Such entities include those with whom GICS has business relationships as well as those which provide services or perform activities similar to those of GICS and which obtain support from sources likely to support GICS. The entities described in this

section are referred to in this Policy as "Related Entities". The material interests in Related Entities that might give rise to a conflict of interest include both direct interests and indirect interests.

Examples of direct interests in a Related Entity include:

- (1) Owning substantial stock, holding debt or having other proprietary interests (e.g., partner, trustee, beneficiary) in the entity;
- (2) Being an officer, board director, or employee (or former employee) of the entity;
- (3) Receiving personal gifts or loans from the entity, unless the normal course of business for the entity is providing loans.

Indirect interests result when any of the following persons have a direct interest in a Related Entity:

- (1) A family member of a Covered Individual (family member is defined for these purposes as all persons related by blood or marriage.);
- (2) An estate or trust of which the Covered Individual or member of his or her family is a beneficiary, personal representative, or trustee; and
- (3) A company of which a member of the family of the Covered Individual is an officer, board director, or employee, or in which he or she has ownership or other proprietary interests.

F. These Guidelines shall not be construed as preventing or discouraging any Covered Individual from disclosing relevant information with respect to any matter as to which he or she has knowledge or from answering questions or stating his or her position with respect to any such matter, unless a Covered Individual knowingly takes any actions or makes any statements intended to influence the conduct of GICS in such a way as to confer any benefit on such Covered Individual or on any Related Entity in which he or she has a direct or indirect interest.

2. **GUIDELINES:**

A. When and How Must a Conflict of Interest be Disclosed?

Covered Individuals shall scrutinize their interests, direct and indirect, in other entities to identify any conflicts of interest.

- (1) Each board director, officer and administrative team member will acknowledge by his or her signature annually receipt and acceptance of this Conflict of Interest Policy and disclose annually any conflict of interest (or confirmation that there are not any conflicts of interests) by completing the disclosure form attached to this Policy (See Attachment 1). In the event a conflict of interest arises which has not previously been disclosed, the board director, officer or administrative team member shall disclose such conflict of interest by obtaining and completing a copy of the above referenced disclosure form as soon as possible prior to any actions being taken related to such conflict. These forms will be collected by the Executive

department. The Executive department will forward a copy of any forms listing a conflict of interest to the Finance department for coordination with Form 990 requirements and disclosure in the annual audited financial statements.

- (2) The information disclosed in the form shall be treated as confidential and shall not be disclosed by GICS, except to the extent disclosure is required to consider a conflict of interest, as required by applicable laws, or any other legitimate business purpose as determined in the sole discretion of the GICS. All information disclosed shall remain on file in the corporate records of GICS.

B. What Procedures are Required to Authorize a Transaction Involving a Conflict of Interest?

GICS shall not enter into a transaction in which a Covered Individual has a conflict of interest unless a determination is made according to the following procedures and that the transaction is in the best interests of GICS and that its terms are fair to GICS.

- (1) A transaction involving a conflict of interest with the President/CEO or a board director will be approved by the Board of Directors prior to GICS conducting the transaction or being obligated to enter into the transaction.
 - i. The Board of Directors may approve a transaction involving a conflict of interest if a majority of the disinterested board directors, even though they may be less than a quorum, determine in good faith that the transaction is fair and reasonable to GICS and is in GICS's best interests. Such determination must be based on disclosure of all material facts applicable to conflict(s) of interest and shall be made only after reasonable investigation and deliberation regarding the transaction. The Covered Individual involved in the conflict of interest shall not be physically present during the Board's final discussion and vote on the issue.
 - ii. The approval together with the material information upon which the supporting determination is based shall be recorded in the official minutes of the Board of Directors.
- (2) A transaction involving a conflict of interest with an officer or administrative team member must be approved by two disinterested officers of GICS prior to GICS conducting the transaction or being obligated to enter into the transaction. A memorandum signed by the two disinterested officers documenting that the transaction is fair and reasonable to GICS and why it is in GICS's best interests will be attached to the invoice or contract.

C. When May a Covered Individual Appropriate a Corporate Opportunity?

A Covered Individual appropriates a corporate opportunity when he or she is aware of an opportunity for GICS to engage in an activity that is related to its present or prospective activities and takes advantage of the opportunity personally or for the benefit of one or more third parties. Before appropriating a corporate opportunity, a Covered Individual must inform GICS of the opportunity and obtain approval from GICS. GICS may provide approval only after the informed evaluation and a formal determination by appropriately authorized disinterested board directors or officers (depending upon whether the opportunity would normally require approval by the Board of Directors) that GICS should not pursue such corporate opportunity.

D. How Does this Policy Relate to Other Legal Requirements?

In the event that a Covered Individual is also a “disqualified person” (as defined by intermediate sanction rules applicable to tax-exempt organizations as set forth in the Internal Revenue Code and the Treasury Regulations promulgated thereunder), any transaction between GICS and the Covered Individual (including family members and entities related to such person) shall be approved by the Board of Directors in accordance with this Policy and with such other substantive and procedural requirements as may be necessary to satisfy the applicable intermediate sanction rules.

This Policy and the requirements set forth herein are not intended to affect the validity of a transaction as provided under applicable state law.

These Policies and Guidelines supplement, but do not replace, the current bylaw standards.

CONFIDENTIALITY POLICY

PURPOSE: To establish a policy for the Board of Directors, officers and administrative team members of Goodwill Industries of Colorado Springs (hereafter referred to as GICS to include Goodwill Industrial Services Corporation, Goodwill Industries of Colorado Springs Foundation, and any existing or yet to be formed affiliate[s] of GICS) regarding the release of non-public confidential information pertaining to GICS business transactions, opportunities and relationships. Administrative team members include any other positions that report to the President/CEO, the President/CEO’s administration staff, and all employees in director level positions.

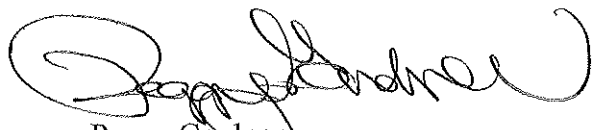
2. **GENERAL:**

Disclosure of confidential information may inhibit the growth and reputation of GICS and therefore any proprietary non-public information should be handled with care. GICS is also committed to conducting its business with integrity with all underlying relationships, including, but not limited to employees, clients, donors, suppliers, volunteers and board members. To that end, we will protect the privacy of these parties by limiting the amount of information disclosed during board meetings and board sub-committee meetings regarding these parties, except where required for a business purpose.

3. **GUIDELINES:**

- A. In general, board directors, officers and administrative team members shall refrain from discussing non-public GICS matters or developments with anyone outside of GICS, except as required in the performance of regular duties.
- B. GICS business information is considered confidential and non-public until the President/CEO of GICS has given approval to board directors, officers and administrative team members to discuss specific business publicly.

- C. Inquiries that come to board directors, officers and administrative team members from the media or competitors of GICS should be referred to the President/CEO or Public Relations Department of GICS, who will provide support in providing appropriate responses.
- D. Materials prepared for board meetings and board sub-committee meetings are confidential and should not be shared with others without the express consent of the President/CEO of GICS.
- E. Each board director, officer and administrative team member will acknowledge receipt and understanding of this Policy by signing the Conflict of Interest Disclosure Statement and Acknowledgement of Confidentiality Policy and Ethics Code (See Attachment 1). These forms will be collected by the Executive Department and kept on file with the corporate records.



Peggy Gardner
Chair, Board of Directors



Karla Grazier
President/CEO

Distribution:
President/CEO
Board of Directors
Administrative Team

This replaces Memorandum 10-16 dated August 31, 2010.

GOODWILL INDUSTRIES OF COLORADO SPRINGS
Conflict of Interest Disclosure Statement
and Acknowledgement of Confidentiality Policy and Ethics Code

Pursuant to the requirements of the Conflict of Interest Policy adopted by the Board of Directors of Goodwill Industries of Colorado Springs (hereafter referred to as GICS to include Goodwill Industrial Services Corporation, Goodwill Industries of Colorado Springs Foundation, and any existing or yet to be formed affiliate[s] of GICS), a copy which has been furnished to me, I hereby state that I have the following interests which may constitute a conflict of interest with respect to my relationship with and/or duties to GICS.

Individual or Related Entities in which I have a material interest:

Name of Individual or Related Entity	Relationship to Goodwill	Relationship to Individual or Nature of Interest in Related Entity	Amount of Transaction(s)

I understand that the Conflict of Interest Policy requires me to update this Disclosure Statement at any time that I become aware of an interest which may constitute a conflict of interest under the Policy.

In addition, I have received, read and understand the Confidentiality Policy and Ethics Code and agree to adhere to the guidelines set forth in these Policies.

Signature: _____

Print Name: _____

Title: _____

Date: _____