

LIONS OF MICHIGAN MD 11, INC.

CONFLICT-OF-INTEREST STATEMENT

Reason for Statement

Lions of Michigan MD 11, Inc. is a nonprofit, tax-exempt organization, that depends on support from Lions throughout Michigan. Therefore, the operations of Lions of Michigan MD 11, Inc. first must fulfill all legal requirements. They also depend on the Lion's trust and thus are subject to scrutiny by and accountability to both governmental authorities and members Lions Clubs.

Consequently, there exists between Lions of Michigan MD 11, Inc. and its Council of Governors, and management employees a fiduciary duty that carries with it a broad and unbending duty of loyalty and fidelity. The Council of Governors, and management employees have the responsibility of administering the affairs of Lions of Michigan MD 11, Inc. honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of Lions of Michigan MD 11, Inc. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with Lions of Michigan MD 11, Inc. or knowledge gained there from for their personal benefit. The interests of the organization must have the first priority in all decisions and actions.

Persons Concerned

This statement is directed not only to the Council of Governors, but to all employees who can influence the actions of Lions of Michigan MD 11, Inc. For example, this includes all who make purchasing decisions, all other persons who might be described as "management personnel," and all who have proprietary information concerning Lions of Michigan MD 11, Inc.

Key Areas in Which Conflict May Arise

Conflicts of interest may arise in the relations of Council of Governors and management employees with any of the following third parties:

- Persons and firms supplying goods and services to Lions of Michigan MD 11, Inc.
- Persons and firms from whom Lions of Michigan MD 11, Inc. leases property and equipment
- Persons and firms with whom Lions of Michigan MD 11, Inc. is dealing or planning to deal in connection with the gift, purchase

- or sale of real estate, securities, or other property
- Competing or affinity organizations
- Donors and others supporting Lions of Michigan MD 11, Inc.
- Recipients of grants or support from Lions of Michigan MD 11, Inc.
- MD-11 projects, organizations, and associations that affect the operations of Lions of Michigan MD 11, Inc.
- Family members, friends, and other employees

Nature of Conflicting Interest

A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned above. Such an interest might arise, for example, through

1. Owning stock or holding debt or other proprietary interests in any third party dealing with Lions of Michigan MD 11, Inc.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) by any third party dealing with Lions of Michigan MD 11, Inc.
3. Receiving remuneration for services with respect to individual transactions involving Lions of Michigan MD 11, Inc.
4. Using Lions of Michigan MD 11, Inc.'s time, personnel, equipment, supplies, or good will other than for approved Lions of Michigan MD 11, Inc. activities, programs, and purposes
5. Receiving personal gifts or loans from third parties dealing with Lions of Michigan MD 11, Inc.. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

Interpretation of This Statement of Policy

The areas of conflicting interest listed in above, and the relations in those areas that may give rise to conflict, also listed above, are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the Council of Governors and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described above exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to the interests of Lions of Michigan MD 11, Inc.

However, it is the policy of the Lions of Michigan MD 11, Inc. that the existence of any of the interests described in above shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of the Council of Governors and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Disclosure Policy and Procedure

Disclosure should be made according to Lions of Michigan MD 11, Inc. standards. Transactions with related parties may be undertaken only if all of the following are observed:

1. A material transaction is fully disclosed in the audited financial statements of the organization;
2. The related party is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The Council of Governors has acted upon and demonstrated that the transaction is in the best interest of the organization.

Staff disclosures should be made to the Executive Director (or if he or she is the one with the conflict, then to the Council Chairperson), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the designated committee.

Disclosure involving Governors should be made to the entire Council of Governors.

The Council of Governors shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to Lions of Michigan. The decision of the Council of Governors on these matters will rest in their sole discretion, and their concern must be the welfare of Lions of Michigan MD 11, Inc. and the advancement of its purpose.