



CONFLICT OF INTEREST POLICY

PURPOSE

The purpose of this Conflict of Interest Policy (hereafter "Policy") is to protect the interests of Masonic and Eastern Star Home of North Carolina, Inc. (hereafter "the Community") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Community. This Policy is intended to supplement, but not replace, the Corporate Compliance Program pursuant to a resolution adopted by the board of directors and any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

INTERESTED PERSON

Interested Person. Any director, officer, community employee with contracting authority, or member of a committee with board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

TYPE OF CONFLICT

1. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family -

1.1 an ownership or investment interest in any entity with which The Masonic and Eastern Star Home has a transaction or arrangement; or

1.2 a compensation arrangement with the Community or with any entity or individual with which the Community has a transaction or arrangement; or

1.3 a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Community is negotiating a transaction or arrangement; or

1.4 an interested person employed by the Community was employed by the outside accounting firm that performs the Community's audit within one (1) year of auditing the financial statements

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the board of directors or appropriate committee decides that a conflict of interest exists.

As used in this policy, a financial interest does not include ownership of shares in a publicly held corporation.

2. Competing Interest. When an officer, director, or a committee member is also a director or officer of another organization which has been or may become the recipient of a thing of value from the Community or otherwise receives payment for services rendered to the Community.

3. Uses of Services, Property or Facilities. An officer, director, or a committee member should not seek staff assistance or the use of the Community's property, services, or facilities for personal benefit or private matters.

4. Privileged Information. An officer, director, or a committee member must not use information received while serving the Community for personal financial benefit or if the personal use of such information would be detrimental in any way to the Community. In addition, confidential information, such as management or personnel information, possible litigation or claim related information, or any other information provided to the members of the Board in confidence or under a claim of privilege, may not be communicated to any person not a board member other than the Executive Director provided that she/he is also bound by such confidentiality, unless otherwise explicitly approved by the Board.

5. Loans. No personal loans or credit shall be extended to an interested person by the Community.

PROCEDURES

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of his or her financial or competing interest and must be given the opportunity to disclose all material facts to the noninterested persons considering the proposed transaction or arrangement. In each such case, a written disclosure should be given to the President of the Board, or if, in a committee context, to the Chair of the Committee, with a copy to the President of the Board.

2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the board or committee 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. The following sets forth the procedure for addressing a perceived conflict:

3.1. An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

3.2. After exercising due diligence, the board or committee shall determine whether the Community can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

3.3. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested officers, directors, or committee members whether the transaction or arrangement is in the Community's best interest and for its own benefit and whether the transaction is fair and reasonable to the Community and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflict of Interest Policy.

4.1. If the board or committee has reasonable cause to believe that an officer, director, or committee member has failed to disclose actual or possible conflicts of interest, it shall inform the officer, director, or committee member of the basis for such belief and afford such officer, director, or committee member an opportunity to explain the alleged failure to disclose.

4.2. If, after hearing the response of the officer, director, or committee member and making such further investigation as may be warranted in the circumstances, the officers, directors, or committee members determine that the officer, director, or committee member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

RECORDS OF PROCEEDINGS

The minutes of the board and all committees that have board-delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature

of the financial interest, any action taken to determine whether a financial conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed, and

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

ANNUAL STATEMENTS

Newly elected officers, directors, and committee members will be advised of this Policy and be required to complete a Conflict of Interest Statement (See Exhibit A attached). Incumbent officers, directors, and committee members will annually sign a statement (See Exhibit A attached) which affirms that such person:

1. Has received a copy of the Conflict of Interest Policy,
2. Has read and understands the Policy,
3. Has agreed to comply with the Policy, and
4. Understands that the Community is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

PERIODIC REVIEWS

To ensure that the Community operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize the Community's status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable and is the result of arm's-length bargaining;
2. Whether acquisitions of services result in inurement or impermissible private benefit;
3. Whether partnership and joint venture arrangements and arrangements with other individuals or organizations conform to written policies, are properly recorded, reflect reasonable payment for goods and services, further the Community's charitable purposes and do not result in inurement or impermissible private benefit; and

4. Whether agreements with other service providers, employees, and third party payors further the Community's charitable purposes and do not result in inurement or impermissible private benefit.

Attachment:

Exhibit A - Board of Directors and Standing and Advisory Committees Conflict of Interest Statement



10/20/06
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