



CODE OF ETHICS

For trustees and team members

The Foundation, wishing to function as an effective and responsible grantmaker, and recognizing that its activities can be brought under close surveillance by various public agencies and the general public believes that it is important to establish a Code of Ethics to guide Foundation personnel in their daily activities and the Trustees in the discharge of their duties.

1. General

The reason the foundation established a Code of Ethics is to assure prospective grantees and the general public that no Trustee or staff member will benefit unfairly from the Foundation's grant funds and no organization has an unfair advantage in obtaining grant funds because of Trustee or staff affiliations. The reputation and credibility of the Foundation rests on its ability to make fair, objective and impartial decisions in accordance with explicit criteria. At the same time, the Foundation recognizes that its Trustees have broad interests and participate in many community, charitable and business activities. The broader the Trustee's experience, the more value is the Trustee to the Foundation. The principles of awareness, disclosure and disinterested decision making should guide the Board of Trustees.

2. Definitions

Self-dealing

A self-dealing situation is where the individual has a financial self-interest in a transaction with the Foundation. It includes a situation where the individual may profit or receive a monetary benefit from a transaction with the Foundation that may lead to or suggest influence in the Foundation's decision. It includes the involvement in any transaction falling within the self-dealing prohibitions of the Internal Revenue Code (generally Section 4941 IRC) and the Michigan Charitable Trustees Powers Act (Section 14.275 MCLA.)

A self-dealing situation also includes indirect self-dealing where the individual owns 35% or more of 1) the voting stock or 2) a partnership interest (profits and losses) or 3) a financial or

beneficial interest in a corporation, partnership or other organization that is involved in a financial transaction with the Foundation.

Conflict of Interest

The Trustees, officers and employees owe the Foundation the duty of undivided loyalty. A conflict of interest situation is where the individual is in a position of divided or conflicting loyalties in a transaction with the Foundation. An individual will be in a position of divided or conflicting loyalties where his or her relationship or affiliation with the entity or organization, or its officers or directors, involved in a financial transaction with the Foundation may significantly impact, or bias, the individual's decision regarding the transaction. Relevant factors in determining whether there is a potential for divided or conflicting loyalties include the duration, strength and intimacy of the personal or business relationship or affiliation, and the functions performed by the individual. The question depends on the circumstances and is often one of proximity and degree.

A conflict of interest situation includes where the individual is an officer, director, Trustee, partner or employee of, a consultant, counselor or regular advisor to, or has a beneficial or financial interest in, the entity or organization, or its affiliate, which is involved in a financial transaction with the Foundation. It does not include the situation where the individual is a non-controlling member of the entity or organization.

Individual

- with respect to self-dealing, officers, Trustees and employees of the Foundation and their family members. Family members include spouse, parents, children, grandchildren and spouses of children and grandchildren.
- with respect to conflict of interest, officers, Trustees and employees of the Foundation and their spouse or children.

Transaction

Transaction means any transaction where the Foundation receives or provides goods, services, or facilities for consideration or enters into a contract for consideration, and any situation where the Foundation grants or contributes funds to a charitable organization.

3. Disclosure

Of Income by Officers and Employees

Each officer and employee, but not Trustee, shall supply to the president a list of all organizations from which he or she derived any salaries, fees, commission, expense, reimbursements or honoraria. Such a list and a brief report will be furnished to the Trustees.

Of Involvement by Officer and Employees

By January 31st of each year, each officer and employee shall report to the president regarding any substantial and/or continuing involvement in the activities of any entity or organization which has applied for, or received a grant from, or contracted with, the Foundation in the past year. Each employee shall also report any self-dealing or conflict of interest situation. The president shall submit a brief report to the Trustees regarding those disclosures.

Of Self-dealing and Conflict of Interest

Each Trustee, and foundation officer with grantmaking program duties, shall provide to the president each year a list of all entities or organizations with which the individual may have a potential self-dealing or conflict of interest situation. Further, each Trustee and Foundation officer with grantmaking duties shall update the list at each grantmaking meeting of the Trustees. Potential self-dealing and conflict of interest situations are those situations where the Foundation has a reasonable possibility of entering into a financial transaction with the entity or organization, including situations where the entity or organization will be considered for a foundation grant or contribution or will be involved in the action or policy to be considered.

In addition, the list should include any public charitable organization that solicits grants from foundations with which the Trustee or officer, or his or her spouse, is affiliated as officer, director, Trustee or employee.

The lists shall name the entity or organization, the individual and the relationship or affiliation. The list and a brief report will be furnished to the Trustees prior to each grantmaking meeting. Further, the Trustee's or Foundation officer's relationship with an entity or organization will be noted on the grantmaking meeting Trustee worksheet.

4. Trustee Meeting Policy

At the time when any grant application or other action or policy is under consideration by the Trustees, the President, Program Directors and the Trustee shall make a disclosure of any self-dealing or conflict of interest situation the Trustee or Foundation officer has with the matter under consideration.

Any Trustee who has such a self-dealing situation shall leave the meeting room during the discussion of and voting on any proposal with respect to which a self-dealing situation exists.

Any Trustee who has such a conflict of interest situation shall abstain from voting on any proposal with respect to which a conflict of interest situation exists. The Trustee may remain in the meeting room. The Trustee may participate in discussion of the proposal but only at the request of the chair of the Board of Trustees.

5. Grant Evaluation

To assist Trustees, officers and employees in resolving self-dealing and conflict of interest questions, proposed grants should be evaluated by the disinterested Trustees, officers and employees in accordance with the following tests:

- All grants and disbursements must comply with the federal, state and local laws and regulations governing the foundation. Where there is a doubt whether a grant or disbursement meets this compliance test, a legal opinion and/or ruling from the Internal Revenue Service will be sought.
- All grants must meet the Foundation's grantmaking policies and procedures and clearly fall within established program area objectives and criteria.
- The Trustees, officers or employees with a potential self-dealing or conflict of interest situation should not be involved in submitting, reviewing, recommending or approving the grant, or in the subsequent monitoring or evaluation.
- As the grant is being processed, approved or ratified by the staff and Board of Trustees, any potential self-dealing or conflict of interest situations must be fully disclosed in accordance with this Code of Ethics.

6. Recognition for Actions Taken by the Foundation

Trustees, officers or employees shall not seek or accept personal recognition for actions taken by the Foundation. Any acknowledgement or recognition of a grant must be accepted by the Chairperson, President or Program Directors on behalf of the Foundation.

7. Acceptance of Benefits From Grantees or Contractors and Separateness.

Trustees, officers and employees of the Foundation may not knowingly accept any gift, or thing of value from any person if the offer or acceptance of the gift or thing of value could reasonably be construed to be in connection with an actual or prospective grant from, or contract with, the Foundation. "Thing of value" for example includes tickets to fundraisers, performances and events and meals and beverages. As a representative of the foundation, it is inappropriate to accept honorariums, gifts or similar means of payment for speaking or other engagements. The Foundation will pay travel and related expenses in accordance with approved policies.

8. Discussions with Prospective Grantees.

As far as is reasonably possible, meetings or discussions of specific grants with prospective grantees should be in the presence of the officers and staff of the Foundation. Potential grant partners are informed of the policy against contacting Trustees regarding specific applications in the Foundation's published "Grantmaking Policies and Procedures." When approached by prospective grant partners, Trustees should inform them of this policy. At the time of voting on any grant or contract, a Trustee should disclose any discussions he may have had regarding prospective grants or contracts.

9. Involvement By Officers and Employees in Other Organizations.

Officers and employees are, on their own time, free to involve themselves in the activities of other organizations, including current and prospective grant partners. However, in so doing there is an obligation to take care to avoid a conflict of interest or the appearance of a conflict of interest.

Code of Ethics Summary – Trustees

The Code provides guidance to the Trustees in the discharge of their fiduciary duties.

What is self-dealing and conflicts of interest?

The Code distinguishes and treats differently self-dealing and conflict of interest situations. Self-dealing involves the Trustee and covered individual receiving a monetary benefit from a transaction with the Foundation. Self-dealing includes indirect self-dealing where the Trustee and covered individual owns 35 percent or more of the entity involved in the transaction.

Conflict of Interest is broader and is where the Trustee has divided or conflicting loyalties as between the Foundation and another entity involved in the transaction. The divided or conflicting loyalty situation arises where the Trustee and covered individual has a relationship or affiliation with the other entity that may significantly impact, or bias, the Trustee's decision regarding the transaction.

Who is covered?

The self-dealing situation covers a broader group of relatives to the Trustee. Self-dealing covers the Trustee and his or her spouse, parent, child, grandchild and spouse of child and grandchild. Conflict of interest just covers the Trustee and his or her spouse and child.

What transactions are covered?

Covered transactions are those where the Foundation contracts for consideration or where the Foundation grants or contributes funds.

What cures the problem?

Disclosure generally cures the self-dealing and conflict of interest situation. The Trustee is to provide a list of entities with which the Trustee may have a potential self-dealing or conflict of interest situation. In addition, the list should cover any public charitable organization that solicits grants from foundations with which the Trustee has a relationship or affiliation.

What happens at the meetings?

At the time any grant application or other action or policy is under consideration during the Trustee meeting, the Trustee should make disclosure of the self-dealing or conflict of interest

situation. Any Trustee who has a self-dealing situation should leave the meeting room during discussion of, and voting on, any proposal with respect to which the self-dealing situation exists.

Any Trustee who has a conflict of interest situation should abstain from voting on any proposal with respect to which a conflict of interest situation exists, but the Trustee may remain in the meeting room. He or she may participate in the discussion only at the request of the disinterested Trustees.