

RESOLUTION OF THE BOARD OF DIRECTORS  
LEADERSHIP EDUCATION FOR ASIAN PACIFICS, INC.

Adopted March 9, 2010

WHEREAS, Leadership Education for Asian Pacifics, Inc. (LEAP) a nonprofit corporation duly organized under the laws of the State of California, exempt from federal income tax under section 501(a) of the Internal Revenue code as an organization described in Section 501 (c) (3) of the Code; and

WHEREAS, Section 501(c)(3) of the Code prohibits any inurement of LEAP's net earnings to any individual or organization who is a disqualified person with respect to LEAP;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of LEAP deems it advisable and in the best interests of LEAP that the Bylaws be amended to add the following new Article.

CONFLICT OF INTEREST POLICY

Article I

Purpose

The purpose of the conflict of interest policy is to protect the interest of Leadership Education for Asian Pacifics, Inc. when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of LEAP, or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II

Definitions

Section XX.1: **Interested Party.** Any director, officer, member of a committee with board delegated powers, or employee who has a Financial Interest .

Section XX.2: **Financial Interest.** A person has a financial interest in a transaction or arrangement if the person has, directly or indirectly, through business, family or investment –

- a. an ownership or investment interest in any entity with which LEAP is negotiating, or proposing to negotiate a transaction or arrangement or
- b. a Compensation Arrangement with LEAP or with any entity or individual with which LEAP is negotiating, or proposing to negotiate, a transaction or arrangement, or
- c. a potential ownership or investment interest in, or Compensation Arrangement with, any entity or individual with which LEAP is negotiating a transaction or arrangement.

Section XX.3: **Compensation Arrangement.** Compensation includes any direct and indirect arrangement (other than ownership) that involves the exchange of remuneration. Remuneration includes anything of value, including, but not limited to, cash, and in-kind items or services.

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 appropriate governing board or committee decides that a conflict of interest exists.

Section XX.4: **Governing Board.** The term “governing board” specifically contemplates both the Board of Directors and the Executive Committee of LEAP, and any board or committee authorized to act by the Board of Directors or the Executive Committee.

### Article III

#### Procedures

Section XX.5: **Procedures.** In connection with any actual or potential conflicts of interest, an Interested Party shall disclose the existence and nature of his or her Financial Interest to the governing board or committee considering the proposed transaction or amendment. After disclosing the financial interest the Interested Party shall not participate in the governing board or committee’s consideration of whether a conflict of interest exists. If the governing board or committee finds that there is an actual or potential conflict of interest, it shall appoint a disinterested individual or committee of disinterested individuals to investigate the transaction or arrangement and obtain appropriate information about the terms of comparable transactions or arrangements that would not give rise to a conflict of interest and that would be reasonable available to LEAP. Before entering in to the transaction or arrangement, the governing board or committee shall review the comparability information to determine whether the transaction or arrangement is in LEAP’s best interest and for its own benefit and whether it is fair and reasonable to LEAP. The governing board or committee shall decide whether to enter in the transaction or arrangement by majority vote.

Section XX.6: **Violations of the Conflicts of Interest Policy.** If the governing board or committee has reasonable cause to believe an interested party has failed to disclose actual or possible conflicts of interest, it shall inform the interested party of the basis for such belief in writing (“Notice”) and afford them an opportunity to explain the alleged failure to disclose within 15 days such interested party receives Notice.

If, after receiving the interested party’s response in writing and after making further investigation as warranted by the circumstances, the governing board or committee determines the interested party has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## Article IV

### Records of Proceedings

Section XX.7: **Records of Proceedings.** The minutes of the governing board and all committees with board delegated powers shall contain:

- a. the names of the person who disclose or otherwise were found to have a financial interest in an actual or proposed transaction or arrangement, any action taken to determine whether an actual or potential conflict of interest was present, and the governing board or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including the basis for the governing board or committee's decision that the transaction was fair and reasonable to LEAP, and a record of any votes taken therewith.

## Article V

### Annual Statements

Section XX.8: **Annual Statements.** Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. has received a copy of the conflicts of interest policy,
- b. has read and understands the policy,
- c. has agreed to comply with the policy, and
- d. understands LEAP is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## Article VII

### Periodic Reviews

Section XX.9: **Periodic Reviews.** To ensure LEAP operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

- b. whether partnerships, joint ventures, and arrangements with management organizations conform to LEAP's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## Article VIII

### Use of Outside Experts

Section XX.10: **Use of Outside Experts.** When conducting the periodic reviews as provided for in Article VII, LEAP may, but need not, use outside advisors, If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.