

**CONFLICT OF INTEREST POLICY OF
BEYOND TYPE 1**

A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

Beyond Type 1, a California nonprofit public benefit corporation (the “*Corporation*”), has adopted the following Conflict of Interest Policy:

Article 1.
Purpose.

The purpose of this Conflict of Interest Policy, as may be amended or restated from time to time, (the “*Policy*”) is to protect the Corporation’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, or that might otherwise result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any applicable California and federal laws governing conflict of interest applicable to nonprofit and charitable corporations, such as Section 5233 of the California Corporations Code, and is not intended as an exclusive statement of responsibilities.

A) *Definitions.*

Unless otherwise defined, the terms used in this Section have the following meanings:

1. “*Interested Person*” - Any member of the board of directors of the Corporation (the “*Board*”), principal officer, or member of a committee with the Board delegated powers, with a direct or indirect financial interest, as defined below, is an interested person.
2. “*Financial Interest*” - A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - (a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
 - (b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
 - (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

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 decides that a conflict of interest exists.

B) *Procedures.*

1. Duty to Disclose.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors who are considering the proposed transaction or arrangement.

Article 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 meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

Article 3.

Procedure for Addressing the Conflict of Interest.

In the event that the Board determines that a proposed transaction or arrangement presents a conflict of interest, the Board shall take the following actions:

- (a) An interested person may make a presentation at the Board meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- (b) A disinterested member of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the Board shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement. If a more advantageous transaction or arrangement is not reasonably possible, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. It shall make its decision as to whether to enter into the transaction or arrangement in conformity with this determination.

Article 4.

Violations of the Conflict of Interest Policy.

If the Board has reasonable cause to believe an interested person has failed to disclose an actual or possible conflict of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the Board determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article 5.
Records and Procedures.

The minutes of the Board shall contain:

- (a) 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 conflict of interest was present, and the Board'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 any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article 6.
Annual Statements.

Each director, principal officer and member of a committee with Board-delegated powers shall annually sign a statement, in the form attached hereto as Exhibit A, which affirms such person:

- (a) Has received a copy of the Policy;
- (b) Has read and understands the Policy;
- (c) Has agreed to comply with the Policy; and
- (d) Understands the Corporation 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 7.
Compensation.

- (a) 1. Definitions.

Unless otherwise defined, the terms below have the following meanings:

- (a) "Highest Compensated Employee" - Any employee of the Corporation, whose total compensation would require the employee to be listed in Part VII, Section A of IRS Form 990, or in response to an equivalent question on any successor exempt organization annual return.

- (b) “Highest Compensated Independent Contractor” - Any independent contractor engaged by the Corporation, whose total compensation would require the contractor to be listed in Part VII, Section B of IRS Form 990, or in response to an equivalent question on any successor exempt organization annual return.

2. Procedures.

- (a) No director, officer, Highest Compensated Employee or Highest Compensated Independent Contractor may receive compensation, directly or indirectly, from the Corporation unless such compensation is first determined by the disinterested directors, or an authorized committee thereof, to be just and reasonable to the Corporation.
- (b) The names of the persons who were present for discussions and votes relating to the compensation arrangement, the content of the discussion, including the information used to determine the reasonableness of the compensation, and a record of any votes taken in connection with the proceedings shall be maintained in the minutes of the Corporation.
- (c) The determination of reasonableness shall be based upon information about compensation paid by similarly situated organizations for similar services, current compensation surveys compiled by independent firms or actual written offers from similarly situated organizations. Similarly situated organizations may include both taxable and tax-exempt organizations.
- (d) No director, principal officer, Highest Compensated Employee or Highest Compensated Independent Contractor, shall participate in the discussion and approval of his or her compensation, except that such persons may provide information to the disinterested directors as described in this Policy.

3. Compensation Review.

The Board shall review the compensation, including benefits, paid to the President, Secretary and the Treasurer, to ensure that the compensation is just and reasonable, upon the occurrence of the following events:

- (a) The officer is hired;
- (b) The officer’s term of employment is extended or renewed; or
- (c) The officer’s compensation is modified, unless such modification occurs pursuant to a general modification of compensation that extends to substantially all employees.

Article 8.
Periodic Reviews.

Periodic reviews shall be conducted to ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status. 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 corporations conform to the Corporation'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.

When conducting the periodic reviews as provided for above, the Corporation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

Article 9.
Mutual Directors.

No contract or transaction between the Corporation and any domestic or foreign corporation, firm or association of which one or more of the Corporation's directors is also a director is void or voidable because such director(s) are present at a meeting of the Board which authorizes, approves or ratifies the contract or transaction if (1) the material facts as to the transaction and as to such director(s)' other directorship are fully disclosed or known to the Board and (2) the Board authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common director(s), or if the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified. However, this section does not apply to transactions covered by Section 5233 of the California Corporations Code.

Article 10.
Restriction on Interested Directors.

Not more than forty-nine percent (49%) of the persons serving on the Board at any time may be interested persons. An interested person is (1) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (2) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

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Exhibit A
Annual Statement

The undersigned, being a director or officer of Beyond Type 1, a California nonprofit public benefit corporation (the “**Corporation**”), hereby acknowledges: (a) the receipt of the Conflict of Interest Policy of the Corporation, as amended and restated from time to time (the “**Policy**”), (b) that he or she has read and understands the Policy, (c) that he or she agrees to comply with the Policy, and (d) that he or she understands that the Corporation is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of the Corporation’s tax-exempt purposes.

Dated: _____

(Signature)

Name: _____

Title: _____