

CONFLICT OF INTEREST POLICY
of
CELEBRITY FIGHT NIGHT FOUNDATION, INC.

an Arizona nonprofit corporation

ARTICLE 1
PURPOSE

The purpose of this Conflict of Interest Policy (this “Policy”) is to protect the interests of CELEBRITY FIGHT NIGHT FOUNDATION, INC. (the “Organization”), when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an *Interested Person*, including a transaction or arrangement that is covered by the excess benefit transaction rules in Section 4958 of the Internal Revenue Code of 1986, as amended.¹ This Policy is intended to supplement, but not replace, any applicable state laws governing conflicts of interest applicable to nonprofit organizations, and it shall be interpreted in a manner consistent with the limitations and restrictions imposed under applicable tax laws.

ARTICLE 2
DEFINITIONS

All italicized terms used in this Policy are defined in the attached Appendix A.

ARTICLE 3
PROCEDURES

3.1 SCOPE

(a) If a proposed transaction or arrangement being considered by the Organization involves an *Interested Person*, such proposed transaction or arrangement is covered by this Policy.

(b) If a member of the *Authorized Body* is an *Ineligible Voter* with respect to the proposed transaction or arrangement being considered by the Organization, such proposed transaction or arrangement is covered by this Policy.

3.2 DILIGENCE; DUTY TO DISCLOSE; ELIGIBILITY TO VOTE

(a) Before approving any proposed transaction or arrangement, the *Authorized Body* shall evaluate whether any party to the proposed transaction or arrangement is an *Interested Person* with respect to the Organization. A list of persons who are *Interested Persons* may be compiled from the completed *Questionnaires* provided to the Organization during the past five years. In the event that the *Authorized Body* believes that further diligence is warranted, such further diligence shall be conducted to the extent reasonable under the circumstances.

¹ The Internal Revenue Code of 1986, as amended, is contained in Title 26 of the United States Code.

(b) The *Authorized Body* shall collectively review the definition of *Ineligible Voter*. Each member of the *Authorized Body* must then disclose whether he or she is an *Ineligible Voter*.

(c) Neither an *Interested Person* who is a party to the proposed transaction or arrangement, nor any *Ineligible Voter* may vote on the proposed transaction or arrangement.

3.3 PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST

(a) At the *Authorized Body's* discretion, the *Interested Person* who is a party to the proposed transaction or arrangement may make a presentation at the *Authorized Body's* meeting. In any event, such *Interested Person* and any *Ineligible Voters* shall leave the meeting before the discussion of, and the vote on, the proposed transaction or arrangement.

(b) The *Non-Conflicted Members* shall, if appropriate, appoint one or more *Non-Conflicted Members* to investigate alternatives to the proposed transaction or arrangement. Such investigation may be conducted directly or through the use of others, none of whom would be deemed to be an *Ineligible Voter* if any such person were a member of the *Authorized Body*

(c) The *Non-Conflicted Members* shall determine, in their reasonable judgment, whether the Organization could obtain a more advantageous transaction or arrangement from a person that would not give rise to a conflict of interest.

(d) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the *Non-Conflicted Members* shall determine by a majority vote (unless the Organization's bylaws specify a higher approval threshold) whether the transaction or arrangement is in the Organization's best interest, is for its own benefit, and is fair and reasonable to the Organization. In addition to other considerations that may be used in making such determination, the *Non-Conflicted Members* shall follow the procedure necessary to create a rebuttable presumption of reasonableness pursuant to Treasury Regulations Section 53.4958-6, unless the *Non-Conflicted Members* determine that such procedure is not practical, feasible or necessary under the circumstances, in which case the Organization shall keep a record of such determination and the reason for such determination.

3.4 VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

(a) If any member of the *Authorized Body* has reasonable cause to believe that another member of the *Authorized Body* is a *Perceived Violator*, the *Perceived Violator* shall be informed of the basis for such belief and afforded an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the response of the *Perceived Violator* and making any further investigation as may be warranted under the circumstances, the *Authorized Body* determines that the *Perceived Violator* has, in fact, violated this Policy, the *Authorized Body* shall take appropriate disciplinary and corrective action.

ARTICLE 4
RECORDS OF PROCEEDINGS

The minutes of the *Authorized Body's* meetings shall contain:

- (a) if the proposed transaction or arrangement was approved, the terms of such transaction or arrangement and the date it was approved;
- (b) the names of all persons who were present during debate and discussions of the proposed transaction or arrangement;
- (c) the names of all persons who voted on the proposed transaction or arrangement;
- (d) if applicable, a description of any alternatives to the proposed transaction or arrangement that were considered, or any data regarding comparable transactions or arrangements; and
- (e) any actions taken with respect to consideration of the proposed transaction or arrangement by anyone who is otherwise a member of the *Authorized Body* but who was determined to be an *Ineligible Voter*.

ARTICLE 5
COMPLIANCE AND ANNUAL QUESTIONNAIRES

5.1 In order to facilitate the administration of this Policy, each *officer, director, trustee, key employee, highest compensated employee* and member of a *Committee* must annually complete and provide to the Organization a *Questionnaire* that includes a current list of *disqualified persons* who are *disqualified persons* by virtue of their relationship to the party completing the list. In addition, to facilitate compliance with this Policy, the Organization shall keep all such lists received during the current fiscal year and for the five most recently completed fiscal years so that the Organization will have at all times a list of *disqualified persons*, transactions and arrangements with whom the excess benefit transaction rules apply.

5.2 Each current *officer, director, trustee, key employee, highest compensated employee* and member of a *Committee* shall annually sign a statement as part of the *Questionnaire* that affirms that such person:

- (a) has received a copy of the Organization's Conflict of Interest Policy;
- (b) has read and understands the Organization's Conflict of Interest Policy;
- (c) has agreed to comply and has complied with the Organization's Conflict of Interest Policy;
- (d) understands that the Organization is a charitable organization and that, in order to maintain the Organization's federal tax exemption, the Organization must engage

primarily in activities that accomplish one or more of the Organization's tax-exempt purposes; and

(e) has not knowingly participated in a transaction or arrangement in which the value of the economic benefit provided by the Organization exceeds the value of consideration received by the Organization.

ARTICLE 6 PERIODIC REVIEWS

To help ensure that the Organization operates in a manner consistent with the Organization's charitable purposes and that the Organization does not engage in activities that could jeopardize the Organization's status as an organization exempt from federal income tax, periodic reviews shall be conducted by an *Authorized Body*. The periodic reviews may include the following subjects:

(a) Whether any transaction or arrangement, including compensation arrangements, involving an *Interested Person* were approved by following the rebuttable presumption of reasonableness procedures described in Section 3.3(d) and, if such procedures were not followed, the basis for determining why such procedures were deemed not to be practical, feasible, or necessary.

(b) Whether each partnership, joint venture and contractor services arrangement between the Organization and any non-charitable organization (i) conforms to the Organization's written policies, (ii) is properly recorded, (iii) reflects reasonable payments for goods and services, (iv) furthers the Organization's charitable purposes, and (v) does not result in private inurement, an impermissible private benefit, or an excess benefit transaction.

(c) Whether this Policy should be updated.

If a periodic review results in a determination that a transaction or arrangement to which the Organization is a party is not in compliance with this Policy, the *Board* shall then determine the appropriate remedial action to be taken under the circumstances.

ARTICLE 7 USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for in Article 6 and in making any determination of whether compensation and any transaction or arrangement is reasonable, the Organization may use outside advisors and may rely on the advice of legal counsel.

CERTIFICATION OF ADOPTION

I certify that I am the Secretary of CELEBRITY FIGHT NIGHT FOUNDATION, INC., an Arizona nonprofit corporation (the "Organization"), and have been designated by the Board of Directors of the Organization to act in that capacity. I also certify that the foregoing Conflict of Interest Policy has been adopted as the Conflict of Interest Policy of the Organization by its Board of Directors and that this Conflict of Interest Policy, as of the date of this Certificate, has not been repealed, altered, amended, restated, or superseded, and remains in full force and effect.

DATED the 2nd day of November.



SEAN CURRIE, SECRETARY

Appendix A
Definitions

Authorized body: With respect to a proposed transaction or arrangement, means the *Board*, unless such authority or decision-making power has been delegated to a *Committee*.

Board: Means the Board of Directors or Board of Trustees, as the case may be, of the Organization.

Committee: Means anybody with *Board*-delegated decision-making powers.

Director or trustee: Unless otherwise provided, a member of the Organization's governing body at any time during the tax year, but only if the member has any voting rights. A member of an advisory board that does not exercise any governance authority over the Organization is not considered a director or trustee.

Disqualified person: The term *disqualified person* includes:

A. A person (including an individual, corporation, or other entity) who was in a position to exercise substantial influence over the affairs of the Organization at any time during a 5-year period ending on the date of the transaction, which generally includes, but is not limited to:

1. The Directors;
2. The President/CEO or equivalent position;
3. The CFO or equivalent position;
4. The COO or equivalent position;
5. A founder;
6. A person who has given more than 2% of the Organization's contributions and bequests as of the end of the five-year period ending on the last day of the current year;
7. Any person whose compensation is primarily based on revenues derived from activities of the Organization, or of a particular department or function of the Organization, that the person controls;
8. Any person who has or shares authority to control or determine a substantial portion of the Organization's capital expenditures, operating budget, or compensation for employees; and
9. Any person who manages a discrete segment or activity of the Organization that represents a substantial portion of the activities, assets, income, or expenses of the Organization as compared to the Organization as a whole;

B. Members of the *family* of a person described in paragraph A, above;

C. A corporation, partnership, limited liability company, trust, estate or any other legal entity for which 35% or more of the ownership or control (or, in the case of a trust or estate, the beneficial interest) is held by any combination of individuals identified in paragraphs A and B, above; and

D. A person described in paragraphs A, B or C, above, with respect to a Code § 509(a)(3) “supporting organization” that was organized and is operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Organization.

Family: A person’s spouse; ancestors; children; grandchildren; great-grandchildren; siblings; and spouses of such children, grandchildren, great-grandchildren and siblings.

Highest compensated employee: An employee of the Organization or a disregarded entity of the Organization (other than a current *officer, director, trustee* or *key employee*) whose aggregate reportable compensation from the Organization and related organizations² is (i) greater than \$100,000 for the calendar year ending with or within the Organization’s tax year and (ii) among the five highest aggregate reportable compensation amounts received by any such employee of the Organization.

Ineligible voter: A member of the *Board* or a member of a Committee considering the proposed transaction or arrangement who fails to meet any one of the following criteria:

A. Such member is not participating in or economically benefitting from the transaction or arrangement, and is not a member of the family of any disqualified person participating in or economically benefitting from the transaction or arrangement;

B. Such member is not in an employment relationship subject to the direction or control of any disqualified person participating in or economically benefitting from the transaction or arrangement;

C. Such member does not receive any compensation or other payments subject to approval by any disqualified person participating in or economically benefitting from the transaction or arrangement;

D. Such member has no material financial interest affected by the transaction or arrangement; or

E. Such member has not received and will not receive a direct or indirect economic benefit from another transaction or arrangement that has been approved or will be approved, in turn, by a person participating in or economically benefitting from the transaction or arrangement at issue.

Interested person: With respect to a transaction or arrangement being considered by the Organization, a person who is a *disqualified person, a key employee, a highest compensated employee, an organization manager, or a member of a Committee.*

Key employee: For purposes of Form 990, an employee of the Organization (other than an *officer, director* or *trustee*) who meets all three of the following tests applied in the following order:

² If you are unsure whether an organization is a “related organization,” please consult the Organization’s tax professional.

A. \$150,000 Test. The employee receives reportable compensation from the Organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the Organization's tax year.

B. Responsibility Test. The employee:

1. Has responsibility, power or influence over the Organization as a whole similar to those of officers, directors or trustees;
2. Manages a discrete segment or activity of the Organization that represents 10% or more of the activities, assets, income, or expenses of the Organization, as compared to the Organization as a whole; or
3. Has or shares authority to control or determine 10% or more of the Organization's capital expenditures, operating budget, or compensation for employees.

C. Top 20 Test. The employee is one of the 20 employees satisfying both the \$150,000 Test and the Responsibility Test having the highest reportable compensation from the Organization and related organizations for the calendar year ending with or within the Organization's tax year.

Non-conflicted member: With respect to a proposed transaction or arrangement, means a member of the *Authorized Body* who has been determined not to be an *Ineligible Voter*.

Officer: Unless otherwise provided, a person elected or appointed to manage the Organization's daily operations at any time during the tax year, such as a president, vice-president, secretary, treasurer, and, in some cases, Board Chair. The officers of the Organization are determined by reference to articles of incorporation, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. For purposes of Form 990, the Organization's top management official and top financial official are deemed to be officers.

Organization manager: Any *officer, director or trustee* of the Organization, or any individual having powers or responsibilities similar to *officers, directors, or trustees* of the Organization, regardless of title.

Perceived violator: With respect to a proposed transaction or arrangement, means a member of the *Authorized Body* whom an *Interested Person* has reasonable cause to believe that such member is an *Ineligible Voter* and such member has not disclosed him/herself as an *Ineligible Voter*.

Questionnaire: Questionnaire means the Organization's Annual Questionnaire for Current Officers, Directors, Trustees, Key Employees, Highest Compensated Employees and Members of Committees with Board-Delegated Powers, which has been designed to elicit information necessary for the accurate completion of the Organization's Form 990.