

**HACK FACTORY OF MINNESOTA, INC.**  
**D/B/A TWIN CITIES MAKER**  
**CONFLICT OF INTEREST POLICY**

Adopted May 11, 2011

The purpose of this Conflict of Interest Policy (the “Policy”) is to protect the interests of Hack Factory of Minnesota, Inc., a Minnesota corporation doing business as Twin Cities Maker (the “Corporation”), when it is contemplating entering into a contract or other transaction or arrangement that could benefit the private interest of an officer, director or other interested person of the Corporation. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to Minnesota nonprofit corporations.

This Policy applies to each Interested Person.

1. No member of the Board of Directors (the “Board”), officer or member of a committee with governing Board delegated powers (an “Interested Person”) shall participate in selecting, awarding or administering a contract or other transaction if a conflict of interest exists. A conflict of interest exists when the following persons have a financial or other interest, directly or indirectly, in the entity with which the Corporation is contemplating or entering into a contract or other transaction:
  - (a) Interested Person;
  - (b) A family member, defined as spouse, parent, child, spouse of a child, brother, sister or spouse of a brother or sister of an Interested Person (“Family Member”); or,
  - (c) An organization that employs, or is about to employ an Interested Person or Family Member.

**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 to the Board and be given the opportunity to disclose all material facts to the Board considering the proposed contract or transaction.

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.

### 3. Procedures for Addressing the Conflict of Interest

- a. The chairperson of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed contract or transaction.
- b. After exercising due diligence, the Board shall determine whether the Corporation can obtain with reasonable efforts a more advantageous contract or transaction from a person or entity that would not give rise to a conflict of interest.

If a more advantageous contract or transaction is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the contract or transaction is in Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the contract or transaction.

### 4. Violations of the Conflicts of Interest Policy

- a. If the Board has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts 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.
- b. 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 and/or up to immediate removal as a member of the Board, officer or member of a committee with Board delegated powers.

### **Records of Proceeding:**

The minutes of the Board and all committees with Board delegated powers 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 contract or transaction, the content of the discussion, including any alternatives to the proposed contract or transaction, and a record of any votes taken in connection with the proceedings.

**Annual Statements:**

Each Board member, officer and member of a committee with Board delegated powers shall annually sign a statement that affirms such person:

- a. Received a copy of the Policy,
- b. Read and understands the Policy,
- c. Agrees to comply with the Policy, and
- d. Understands the Corporation must comply with all applicable state and federal laws, including conflict of interest laws.

**HACK FACTORY OF MINNESOTA, INC.**  
**D/B/A TWIN CITIES MAKER**  
**CONFLICT OF INTEREST CERTIFICATION**

Terms used herein have the same meaning as defined in the Conflict of Interest Policy adopted May 11, 2011, as amended, and attached hereto as Exhibit A.

I, \_\_\_\_\_, an Interested Person of the Corporation, hereby certify that as of the date that this certification is made:

1. That I do not have and am aware that it is impermissible for me to have a financially beneficial relationship when selecting, awarding or administering a contract or other transaction if a conflict of interest exists which impairs my ability to exercise good judgment on behalf of the Corporation, creating an actual or potential conflict of interest. I understand this includes immediate family members or organizations that employ any of these individuals.
2. That I have not and will not receive any compensation from the parties mentioned above for any services as an Interested Person.
3. That if any of the types of relationships or situations described above should arise, I will immediately and fully disclose (no more than 14 days after the relationship or situation arises) the relevant circumstances to the Board of Directors of the Corporation, for a determination as to whether a potential or actual conflict exists.
4. That if an actual or potential conflict is determined, the Corporation may take whatever corrective action appears appropriate according to the circumstances, including up to immediate removal of duties of an Interested Person, and that failure to disclose facts shall constitute grounds for disciplinary action including expulsion from the Corporation as a member.
5. That I have received and fully read Corporation's Conflict of Interest Policy. I understand the Corporation's Conflict of Interest Policy and accept and agree to comply with the information contained within the Corporation's Conflict of Interest Policy.
6. I understand that the Corporation must comply with all applicable state and federal laws, including conflict of interest laws.

Date

Name