

Policy on CONFLICT OF INTEREST and RELATED PARTY TRANSACTIONS

(Resolved at 07/19/08 Meeting)

I. Purpose

The Board of Directors of ROX35 Media, Inc. has adopted this policy on Conflict of Interest and Related Party Transactions to address instances where ROX35 Media, Inc.'s business or policy decisions may result in direct or indirect benefit (or a perception of such benefit) to a member of the ministry's Board or staff, and to disclose the ministry's procedures for monitoring and reviewing actual, potential or perceived Conflicts of Interest and for monitoring, reviewing, approving and ratifying or disapproving Related Party Transactions. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable corporations.

II. Statement of Policy

It is the policy of the Board of Directors of ROX35 Media, Inc. that all Related Party Transactions, as defined in this Policy, will be at arm's length and on terms generally available to an unaffiliated third-party under the same or similar circumstances.

As a general matter, it is the ministry's policy to avoid or minimize Related Party Transactions; however, the ministry recognizes that there are situations where Related Party Transactions may be consistent with the best interests of the ministry and its mission.

At the same time, as a nonprofit organization, ROX35 Media, Inc. depends upon donor trust and must avoid creating any impression that ministry resources are unreasonably profiting board members or their families. By ensuring ethical, independent, and conflict-free behavior, ROX35 Media, Inc. seeks to reinforce that trust.

Directors will be required to attest annually to their familiarity with this policy on Conflict of Interest and Related Party Transactions and to provide therein information concerning any possible Conflict of Interest so that disclosure, if necessary, is made.

In addition to Directors, this policy applies to staff, immediate family members, and volunteers. Staff members and their immediate families will not benefit materially from ROX35 Media, Inc. beyond receipt of salaries, reimbursement for authorized expenses, and fringe benefits or bonuses authorized by the Board of Directors.

This Policy applies to potential Conflict of Interest and Related Party Transactions which are required to be reviewed and approved under this Policy. Additional transactions not required to be approved under this Policy shall be conducted in a manner consistent with Biblical principles and in compliance with all applicable laws and regulations.

III. Definitions

Definitions of specific key terms used in this Policy are listed herein:

“Conflict of Interest”: Any instance where ROX35 Media, Inc.'s business transactions or policy decisions create, affect or impact, either directly or indirectly, a Material Personal Interest of a Related Party. (A potential Conflict of Interest exists, for example, when an organization considers hiring a Director's relative or obtaining services from a Director's business.)

“Compensation”: Compensation includes direct and indirect remuneration as well as gifts, favors, and non-financial benefits that are substantial in nature.

“Interested Person”: Any director, officer, or key employee (e.g., the Corporation’s chief executive officer, chief financial officer, or any other manager or supervisor identified by the Board of Directors or chief executive officer as exercising substantial influence over the operations of the Corporation) who has a direct or indirect financial interest, as defined below, is an interested person.

“Financial Interest”: A person has a financial interest if the person has, directly or indirectly, through business, investment or family: [i] an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or [ii] a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or [iii] 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. 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 or the auditors decide that a conflict of interest exists.

“Material Personal Interest”: A Material Personal Interest is [i] an ownership or investment interest in any entity with which ROX35 Media, Inc. has a transaction or arrangement, [ii] a Compensation arrangement with ROX35 Media, Inc. or with any entity or individual with which ROX35 Media, Inc. has a transaction or arrangement; or [iii] a potential ownership or investment interest in, or Compensation arrangement with, any entity or individual with which ROX35 Media, Inc. is negotiating a transaction or arrangement.

“Related Party Transaction”: A transaction, arrangement or relationship (or any series of similar or related transactions, arrangements or relationships) in which ROX35 Media, Inc. is a participant and any Related Party has or will have a direct or indirect interest (other than solely as a result of being a Director or a less than 10 percent beneficial owner of another entity).

“Related Party” or “Related Parties”: [i] any person who is, or at any time since the beginning of the ministry’s most recently completed fiscal year was, a Director or an Officer of ROX35 Media, Inc. or any nominee for election as a Director of ROX35 Media, Inc.; [ii] a person who is a staff member of ROX35 Media, Inc.; [iii] a person who is an immediate family member (including spouses, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and any person residing in such person’s home other than a tenant or employee) of any of the foregoing persons; and [iv] a firm, estate, trust, partnership, limited liability company, corporation or other entity in which any of the foregoing persons has ownership or control, a present or vested future beneficial interest, or serves as an officer, director, or trustee.

IV. Procedures

[i] **Duty to Disclose**: Any potential Related Party Transactions and/or instances of Material Personal Interest in any transaction must be disclosed to the full Board of Directors of ROX35 Media, Inc. (preferably in writing, with the date of first disclosure) as soon as it is proposed and a Related Party becomes aware of the potential conflict.

[ii] **Determination**: The Board Chair, Treasurer and Secretary will determine if approval of the Transaction is required or an actual Conflict of Interest exists. If, under this Policy, a conflict is found to exist and/or approval is required, the Officers will refer the matter to the full Board of Directors.

If disclosure is made prior to or following the Annual Meeting, and requires immediate approval, the Board shall act upon the information by calling a Special Meeting by conference telephone or in accordance with Article IV, Section 15 (“Action Without Meeting”) of the By-Laws of the corporation.

[iii] **Discussion:** No Director will participate in any discussion for which he or she is a Related Party or whose immediate family member is a Related Party, except that the Director may provide information on the potential Conflict of Interest or Related Party Transaction to the Officers and the Board.

In the case of in-person or conference telephone meetings, the interested Director(s) will absent himself or herself physically from any discussion so that the rest of the Board can freely explore the transaction or potential conflict and act upon it. The Minutes for the meeting shall reflect that a disclosure of Material Personal Interest was made and that the interested Director(s) was not present during the Board’s consideration of the transaction.

The Board will consider the relevant facts and circumstances of the Related Party Transaction including (if applicable) but not limited to:

- (a) the benefits to the ministry,
- (b) the impact on any Director’s independence,
- (c) the availability of other sources for comparable products or services,
- (d) the terms of the transaction, and
- (e) the terms available to unrelated or unaffiliated third parties under the same or similar circumstances.

A disinterested Director, or other disinterested party familiar with the transaction, shall present evidence of the fairness of the proposed transaction, such as competitive bids or comparable price quotations.

[iv] **Voting:** After a decision regarding whether the proposed transaction is fair to the organization and in its best interests, a vote of a majority of the disinterested members of the Board of Directors participating in the meeting and constituting a quorum will be required for approval of the transaction. Any Board member having a Conflict of Interest will not vote or use his or her personal influence on the matter. The Minutes for the meeting shall reflect that the interested Director(s) abstained from voting.

The Board shall approve only those Related Party Transactions that are in (or are not inconsistent with) the best interests of the ministry, that are in accordance with the guidelines set forth in this Policy, and that are consistent with Biblical principles and in compliance with all applicable laws and regulations. Other Related Party Transactions shall be disapproved by the Board and shall not be entered into by the ministry.

If a Related Party Transaction is ongoing or completed, and it is disapproved by the Board, the Board will consider the impact on any Director’s independence and evaluate the circumstances of the transaction to determine if termination, rescission, disciplinary action or changes to this Conflict of Interest and Related Party Transactions Policy are appropriate.

[v] **Violations of the Conflict of Interest Policy:** If the Board has reasonable cause to believe that 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.

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

The foregoing procedures (a) will apply to transactions approved after the date of adoption of this policy; (b) will not apply to reimbursement of expenses actually incurred by any Director or staff member in the course of performing his or her duties as such; and (c) may be waived or altered in any particular case by vote of a majority of the full Board of Directors for good cause shown.

V. Compensation

A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation. Anyone, including any Board member precluded from voting on compensation matters, may provide compensation-related information to the Board deliberating on compensation issues.

VI. Annual Statements / Potential Conflict and Related Party Report

Each director, officer and key employee shall annually sign a statement which affirms that such person: [i] Has received a copy of the conflict of interest policy; [ii] Has read and understands the policy; [iii] Has agreed to comply with the policy; and [iv] Understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Each director, officer and key employee shall annually submit a Potential Conflict and Related Party Report to the Chairman, whose responsibility it will be to oversee the annual distribution of such forms to existing Directors. Between Annual Meetings all Directors will notify the full Board of any material updates to the information as outlined in Section IV[i] ("Duty to Disclose") of this Policy.

VII. Periodic Reviews

To ensure that ROX35 Media, Inc. 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: [i] Whether compensation arrangements and benefits are reasonable, based on competent survey information and/or documented fair market value, and the result of arm's length bargaining; and [ii] Whether partnerships, joint ventures, and arrangements with management organizations 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 impermissible private benefit or in an excess benefit transaction.

VIII. Amendment

ROX35 Media, Inc. reserves the right to amend or modify this Policy in whole or in part, at any time, without restriction.