

The American Driving Society, Inc.

2017 Disclosure Policy

Purpose

As a charitable organization, The American Driving Society, Inc. (the "ADS") has a special obligation to uphold the public trust. Every director, officer, committee member, and member of the staff of the ADS shares responsibility to ensure that the ADS satisfies all legal requirements and operates in accordance with its charitable mission. This obligation requires that individuals who have authority to make decisions on behalf of the ADS, including directors, officers, committee members and staff members with managerial authority, have an undivided allegiance to the ADS's mission. In addition to adhering to specific prohibitions against self-dealing set forth in the Internal Revenue Code (the technical requirements are summarized in Appendix A -- "Requirements Under the Self-Dealing Regulations of the Internal Revenue Code"), the Board has developed the following rules and procedures to govern the activities of the ADS.

This policy statement will be distributed to all current directors, officers, committee members and key staff members of the ADS on or before January 1 of each year. ***Each individual must return the disclosure statement attached to this policy statement to the Executive Director on or before the January 2017 meeting of the Board of Directors.*** Any individual proposed to be elected or appointed as a director, officer, committee member, or key staff member of the ADS must receive this policy statement and return a signed copy of the attached disclosure statement to the Executive Director before his or her election or appointment.

Conflict of Interest

A conflict of interest exists when (i) a director, officer, committee member, or key staff member of the ADS, (ii) an immediate family member of one of the aforementioned individuals, or (iii) an organization in which any of the persons described in (i) or (ii) above holds a material financial interest or has significant managerial or leadership responsibilities or acts as a fiduciary, or has an existing or potential interest opposed to an existing or potential interest of the ADS.* An appearance of a conflict of interest exists when it is reasonably likely that an observer may perceive a conflict of interest, even if a conflict of interest does not in fact exist. The existence or appearance of a conflict of interest by itself does not prohibit a transaction.

Procedures for Situations Involving an Actual or Potential Conflict of Interest

Transactions with Third Parties

When a director realizes that he or she has a conflict of interest with the ADS, he or she must disclose the circumstances of the conflict of interest to the President or the Treasurer or to the Board or to the appropriate committee. No director may participate in consideration of or vote on any matter with respect to which his or her personal interests or the interests of an immediate family member create a conflict of interest, except to respond to requests for information required by the Board, committee or individual decision maker to reach an informed decision. The remaining directors decide whether to enter into a transaction involving a conflict of interest, considering whether it is fair and reasonable to the ADS. The disqualified director or directors may be counted in determining the presence of a quorum at the meeting at which the matter is considered.

Records of Proceedings

The Board or committee considering a matter involving a conflict of interest must make a written account of the deliberation and decision, which includes: the terms of the transaction and the date it was approved, if applicable; the names of the members of the Board or committee who were present during the discussion and whether any of the persons present were disqualified from voting; the names of the Board or committee members who voted to approve the transaction or to take other action and those who did not; and any other information deemed relevant/necessary by the Board or committee.

Relationships with Grant Applicants

Directors and committee members shall disclose at meetings of the Board of Directors any special or particular interest or connection between themselves and any applicant under consideration. The director may then participate in the discussion (unless the committee or board decides otherwise under the facts and circumstances). The director may vote on the applicant only if his or her vote does not affect the outcome of the Board's decision. There is no prejudice against such applicant nor is an applicant disqualified due to any such disclosure.

Monitoring Actual and Potential Conflicts of Interest

Every director must annually submit to the President or Executive Director a disclosure statement on the attached form. The President will review the information provided and annually circulate an updated report to all directors of the ADS.

Enforcement of This Policy

If a director reasonably believes that any director has failed to disclose an actual or potential conflict of interest in connection with a transaction entered into by the ADS, he or she shall inform the Board of the basis for the belief. The Board will request an explanation for the alleged failure to disclose. If, after hearing the response of the director and making any further investigation that may be warranted in the circumstances, the Board determines that a conflict of interest exists, it may take appropriate action, including but not limited to rescission of the transaction.

APPENDIX Requirements Under the Self-Dealing Regulations of the Internal Revenue Code

The Internal Revenue Code (the "Code") and Treasury Regulations prohibit the ADS from engaging in acts of "self-dealing" with "disqualified persons." "Disqualified persons" with respect to the ADS include directors, officers, and the executive director of the ADS ("ADS Managers"), family members of ADS Managers, and any corporation, partnership, trust or estate in which an ADS Manager has more than 35% of the voting power, profits interest or beneficial interest. Disqualified persons are prohibited from entering into the following types of transactions under the self-dealing regulations:

1. sale, exchange, or leasing of property between the ADS and any disqualified person;
2. lending of money or other extension of credit between the ADS and a disqualified person, other than the lending of money by a disqualified person to the ADS without interest or other charge, so long as the loan proceeds are used exclusively for charitable purposes;
3. furnishing of goods, services or facilities between the ADS and a disqualified person, other than the furnishing of goods, services or facilities by a disqualified person to the ADS without charge so long as the goods, services or facilities are used exclusively for charitable purposes;

4. payment of compensation or reimbursement of expenses by the ADS to a disqualified person, other than the payment of compensation and the payment or reimbursement of expenses by the ADS to a disqualified person for personal services that are reasonable and necessary to carrying out the exempt purposes of ADS, so long as the compensation, payment, or reimbursement is not excessive; transfer to, or use by or for the benefit of a disqualified person of the income or assets of the ADS.

Prior to entering into any contract or other transaction involving an ADS Manager, the ADS must consider whether the contract or transaction would result in a violation of the prohibition against self dealing. In making this determination, it is irrelevant whether a particular act or transaction would result in a benefit or a detriment to the ADS.

The American Driving Society, Inc.

(“ADS”)

2017 Disclosure Statement

This Disclosure Statement is designed to assist directors, officers, committee members and key staff members of The ADS in meeting their ongoing responsibility to disclose business or personal interests that may create a conflict of interest. Part A of the Disclosure Statement contains an acknowledgment that you have received a copy of the ADS's Disclosure Policy, have read it and understand it, and agree to comply with it. Part B of the Disclosure Statement requests a list of all entities in which you or a family member hold a position as trustee, director, or officer and all entities that do or may do business with the ADS in which you or a family member have a substantial economic interest. Please complete the attached Parts A and B, sign them, and return them to the Executive Director.

Part A

I hereby acknowledge that I have received a copy of The ADS's Disclosure Policy and that I have read it and understand it. I hereby agree to abide by and comply with the procedures contained in the Disclosure Policy.

Name: _____

Signature: _____ Date: _____

Part B

In the space below, please list all entities (1) in which you or a member of your immediate family hold a position as trustee, director, officer, or managerial personnel and (2) that does or may do business with the ADS and in which you or a family member have a material economic interest. (i.e., an ownership interest of at least 10%).

(1) Entities in which you or a family member have a relationship such as: director, trustee, officer, committee member, advisory committee member, advisory trustee or volunteer:

(list name of family member (if relevant), name of entity, and position held)

(2) Entities that do or may do business with the ADS and in which you or a family member have a material economic interest: (i.e., an ownership interest of at least 10%).

(list name of family member (if relevant), name of entity and nature of interest)

The above information is correct and complete to the best of my knowledge.

Name: _____

Signature: _____ Date: _____

* Note: This policy uses the term "director" to cover all persons listed in subsections (i), (ii), and (iii).