

NORTH STATE PHYSICAL THERAPY FOUNDATION

CONFLICT OF INTEREST POLICY

125 Raley Blvd, Chico, CA 95928

I. PURPOSE

The purpose of this Conflict of Interest Policy is to protect the integrity and interests of the North State Physical Therapy Foundation (the “Foundation”) when it contemplates entering into a transaction or arrangement that might directly or indirectly benefit the private interest of an officer, director, or key employee. Because the Foundation’s Board members may have overlapping business interests, the Foundation adopts this policy to ensure full transparency, fairness, and compliance with federal and California nonprofit law.

II. PERSONS COVERED

This policy applies to all members of the Board of Directors, officers, key employees, members of committees with Board-delegated powers, and any individual who exercises substantial influence over the Foundation’s affairs (collectively, “Covered Persons”).

III. DEFINITIONS

A. Financial Interest. A Covered Person has a financial interest if the person or a Family Member has, directly or indirectly:

1. An ownership or investment interest in any entity that has or is seeking a business relationship with the Foundation, including clinics, vendors, contractors, or grantees;
2. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
3. A potential ownership, investment, or compensation interest as described above.

B. Family Member. Family Member means a spouse, domestic partner, ancestor, sibling (including step or half), child, grandchild, great-grandchild, or the spouse/domestic partner of any of them.

C. Related Organization. Related Organization means any entity in which a Covered Person or Family Member serves as a director, officer, employee, or owner, or any clinic or healthcare facility operated or owned by such person.

IV. DUTY TO DISCLOSE

Each Covered Person shall disclose all material facts regarding any actual or potential conflict of interest to the Board or the appropriate committee before the Board or committee considers the proposed transaction or arrangement. Disclosure must include the nature of the relationship, any financial interest, and all relevant facts necessary for the Board to evaluate the matter objectively.

V. PROCEDURES FOR ADDRESSING CONFLICTS

1. Determination of Conflict: After disclosure of a potential conflict, the Board (excluding the interested person) shall determine whether a conflict of interest exists.
2. Presentation of Information: The interested person may present factual information to the Board but shall leave the meeting during discussion and voting on the transaction or arrangement.
3. Independent Review: The disinterested directors shall consider alternatives to the proposed transaction and determine whether the Foundation could obtain a more advantageous arrangement through reasonable efforts.
4. Fairness and Documentation: If the Board approves the transaction, it must determine that it is fair, reasonable, and in the Foundation's best interest. The basis for this determination, comparability data, and any alternatives considered shall be recorded in the minutes.
5. Quorum: Interested persons shall not be counted toward quorum for purposes of voting on any matter involving a potential or actual conflict.

VI. COMPENSATION ARRANGEMENTS AND REBUTTABLE PRESUMPTION

When approving compensation or other payments to any Covered Person, the Foundation shall follow the three-step process required under Internal Revenue Code §4958 to establish a rebuttable presumption of reasonableness:

1. Approval by independent directors who have no conflict of interest;
2. Use of appropriate comparability data (such as compensation surveys, market rates, or independent valuations); and
3. Contemporaneous documentation of the decision and the basis for approval.

VII. ANNUAL DISCLOSURE AND UPDATES

Each Covered Person must annually complete and sign a Conflict of Interest Disclosure Form identifying all organizations and business interests that could give rise to a conflict. Covered Persons shall update their disclosures promptly whenever new potential conflicts arise.

VIII. RECORDS OF PROCEEDINGS

The minutes of the Board and all committees with Board-delegated powers shall include:

1. The names of the persons who disclosed or otherwise were found to have a potential conflict of interest;
2. The nature of the conflict;
3. The actions taken to determine whether a conflict existed;
4. The Board's decision regarding the transaction; and
5. The names of all directors present for discussions and votes, and the vote itself.

IX. VIOLATIONS OF THE POLICY

If the Board or committee has reasonable cause to believe that a Covered Person has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and provide an opportunity to explain. If, after hearing the response and making further investigation as warranted, the Board determines the individual has failed to disclose or has violated this policy, it may take disciplinary action, including removal from office or referral to legal authorities if necessary.

X. CONFIDENTIALITY AND RECORDKEEPING

All conflict-of-interest disclosures, questionnaires, and minutes shall be maintained as confidential records by the Secretary of the Foundation and made available for inspection by authorized governmental or regulatory bodies as required by law.

XI. RELATED POLICIES

This Conflict of Interest Policy shall be read in conjunction with the Foundation's Whistleblower Policy, Document Retention and Destruction Policy, and Financial Controls Policy. Each director and officer is responsible for understanding and complying with all such policies.

XII. ACKNOWLEDGMENT

Each Covered Person must sign an acknowledgment confirming receipt, review, and understanding of this policy and agreeing to comply with its terms. The acknowledgment form shall be retained with the Foundation's official records.

CONFLICT OF INTEREST POLICY ACKNOWLEDGMENT

I have received, read, and understand the North State Physical Therapy Foundation Conflict of Interest Policy. I agree to comply with this policy and to disclose any actual or potential conflicts of interest as required. To the best of my knowledge, the disclosures I have made (if any) are complete and accurate.

Name: Leigh Langerwerf

Title/Role: Secretary

Signature: 

Date: 11/12/2025