

The Morris Stulsaft Foundation contracts with Pacific Foundation Services, LLC (PFS) to provide management services for the Foundation. The Foundation does not have employees. This Fraud Policy governs the actions of the directors and officers of The Morris Stulsaft Foundation, as well as PFS and the members of its staff who manage the affairs of The Morris Stulsaft Foundation. PFS has also adopted a fraud policy governing the actions of all PFS directors, officers and employees.

Purpose

The purpose of this Fraud Policy is to establish policies and procedures for clarifying acts that are considered fraudulent, describing the steps to be taken when fraud or other related dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

The Morris Stulsaft Foundation and PFS are committed to protecting the Foundation's assets against the risk of loss or misuse. Accordingly, it is the policy of The Morris Stulsaft Foundation and PFS to identify and promptly investigate any possibility of fraudulent or related dishonest activities against The Morris Stulsaft Foundation and, when appropriate, to pursue legal remedies available under the law.

Definitions

Examples of *fraud* and other similar irregularities include, but are not limited to:

- Claims for reimbursement of expenses that are not job-related (or authorized by the PFS expense reimbursement policy).
- Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).
- Misappropriation of assets of The Morris Stulsaft Foundation or PFS (funds, securities, supplies, furniture, equipment, etc.).
- Improprieties in the handling or reporting of money transactions.
- Authorizing or receiving payment for goods not received or services not performed.
- Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of PFS-owned software.
- Misrepresentation of information on documents.
- Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.
- Seeking or accepting anything of material value from those doing business with The Morris Stulsaft Foundation or PFS including vendors, consultants, contractors, lessees, applicants, and grantees.

An *employee*, in this context, refers to all employees of PFS, as defined in the Employee Manual and other personnel policies and procedures.

Procedures to Deter Fraud

PFS hereby confirms to the Foundation that (1) it has developed and maintains a system of internal controls to provide reasonable assurance for the prevention and detection of fraud,

misappropriations, and other irregularities, (2) these internal controls were prepared and are reviewed in conjunction with PFS's finance and human resources functions, (3) the ultimate responsibility for this internal control environment resides with the President, Vice President, and Accounting Manager, and (4) PFS staff who supervise and/or have approval authority over expenditure of The Morris Stulsافت Foundation funds are familiar with the types of improprieties that might occur within their area of responsibility and are alert for any indications of such conduct.

Investigation of Potential Fraud

It is the policy of The Morris Stulsافت Foundation and PFS to investigate fully any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the Morris Stulsافت Foundation and PFS of any party who might be or become involved in or becomes the subject of such investigation.

Whenever any director or officer of The Morris Stulsافت Foundation has a suspicion that fraud may be occurring, that person shall report the activity to President of The Morris Stulsافت Foundation and the President of PFS.

When any suspected fraud is reported, the President of The Morris Stulsافت Foundation and the President of PFS should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity. Upon notification of any possible fraud the President of The Morris Stulsافت Foundation and the President of PFS should immediately inform the board and initiate an investigation. All officers and directors of The Morris Stulsافت Foundation and all PFS employees shall fully cooperate with any such investigation.

If the results of the investigation indicate violation of this Fraud Policy or the PFS Fraud Policy, discipline, up to and including termination from employment, will be initiated as provided for in the PFS Employee Manual. In addition, if the results of the investigation indicated potential criminal acts, the matter should be reported to the Police Department.

PFS hereby confirms that all investigations involving PFS employees shall be conducted in accordance with the PFS Employee Manual and applicable law: this means, for example, that standard procedures for protection of whistleblowers, privacy rights and due process rights shall be in effect during and after the investigation.

The Morris Stulsافت Foundation and PFS will pursue reasonable efforts to obtain recovery of The Morris Stulsافت Foundation and PFS losses from the offender, or other appropriate sources.

I have read and understand the above Fraud Policy of The Morris Stulsaft Foundation and agree to be bound by it.

Signed: _____

Name: _____

Date: _____

Pacific Foundation Services, LLC hereby confirms the foregoing policy and the correctness of the statements of fact pertaining to it.

Pacific Foundation Services, LLC

By: _____

Name: _____

Title: _____

Date: _____