

Governance Agreement
By and Between
Angel Flight of New England, Inc. d.b.a. Angel Flight Northeast
and
The Attorney General of the Commonwealth of Massachusetts

THIS AGREEMENT (the "Governance Agreement") is entered into and effective as of this thirteenth (30th) day of November, 2010 by and between Angel Flight of New England, Inc. d.b.a. Angel Flight Northeast (hereinafter on behalf of itself and its successors and assigns, "Angel Flight") and Martha Coakley, as she is the Attorney General of the Commonwealth of Massachusetts (hereinafter on behalf of herself and her successors and assigns, the "Attorney General") for and with respect to the governance of Angel Flight, a non-profit public charity organized and existing in the Commonwealth of Massachusetts.

WHEREAS, Angel Flight is a public charity subject to the oversight of the Attorney General pursuant to G.L. c. 12, §§8 to 8N, through her Non-Profit Organizations/Public Charities Division (the "Division"); and

WHEREAS, until recently the bylaws of Angel Flight provided the two former corporate members of Angel Flight (the "Former Members") with the authority to remove directors, with or without cause; and

WHEREAS, the Former Members are each financially interested persons as they are employed and compensated by, or related to persons employed and compensated by, Angel Flight; and

WHEREAS, the authority of financially interested persons to remove directors who are entrusted with the oversight of those same persons and the organization's charitable assets is inconsistent with board independence and good governance standards; and

WHEREAS, the Attorney General requested, and the Board of Directors of Angel Flight (the "Board") and the Former Members agreed to make certain governance changes, including, without limitation, providing for an independent board and the appropriate disclosure and management of conflicts of interest;

NOW, THEREFORE, Angel Flight and the Attorney General agree as follows.

1.0 Adoption of Amended and Restated Bylaws and Conflict of Interest Policy.

Angel Flight has taken all necessary steps to cause the approval and adoption of (i) the Amended and Restated Bylaws of Angel Flight of New England, Inc. (the "Bylaws") in the form attached hereto as Exhibit 1.0(i) and (ii) the Angel Flight of New England, Inc. Conflict of Interest Policy in the form attached to this Agreement as Exhibit 1.0(ii). Upon the adoption of the Bylaws in the form as attached, Angel Flight ceased to have members and its Board became self-perpetuating.

2.0 Composition of Board of Directors; Notice to Attorney General.

In accordance with the Bylaws, a majority of the Board now are, and shall continue to be, comprised of persons who are Independent Directors, as that term is defined in the Bylaws attached hereto. In the event that at any time on or before December 31, 2015, the Bylaws are amended or restated such that the powers of the Independent Directors are diminished or repealed, the Attorney General shall be provided with not less than sixty (60) days prior written notice of the Board's intent to consider such an amendment or restatement.

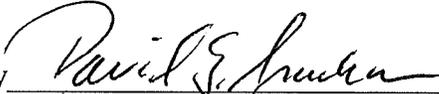
Angel Flight of New England, Inc. d.b.a. Angel Flight Northeast

By 
Lawrence Camerlin
President

Date 11/30/10

Angel Flight of New England, Inc. d.b.a. Angel Flight Northeast

Martha Coakley
Attorney General
Commonwealth of Massachusetts

By 
David G. Spackman
Chief

Date 11/30/10

Non-Profit Organizations/Public Charities Division

Exhibit 1.0(i)

**AMENDED AND RESTATED BYLAWS OF
ANGEL FLIGHT OF NEW ENGLAND, INC.**

**AMENDED AND RESTATED BYLAWS OF
ANGEL FLIGHT OF NEW ENGLAND, INC.**

As Adopted on September 30, 2010

**ARTICLE I
SEAL AND FISCAL YEAR**

The seal shall be circular in form with the name of the corporation around the periphery and the year and state of the incorporation within. The fiscal year shall commence on the first day of January of each year or such other date as the directors may determine.

**ARTICLE II
MEMBERSHIP**

The corporation shall have no members. Any action or vote required or permitted by law to be taken by members of the corporation shall be taken by action or vote of the same percentage of the directors of the corporation.

**ARTICLE III
BOARD OF DIRECTORS**

Section 1. Powers.

The property, business and affairs of the corporation shall be managed solely by or under the direction of a Board of Directors, which shall have all the powers and duties of a board of directors under Massachusetts law.

Section 2. Number and Qualification.

The number of directors constituting the entire Board of Directors shall be not less than five (5) nor more than nine (9). The number of directors shall be established by resolution of the Board of Directors within the foregoing range. A majority of the directors in office at any given time shall be Independent. For purposes hereof, a director is not "Independent" if he or she or any of his or her immediate family members receives compensation, directly or indirectly, from the corporation. For purposes hereof, a director's "immediate family members" include (a) such director's spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren and great-grandchildren, (b) spouses of such director's brothers, sisters, children, grandchildren, and great-grandchildren and (c) brothers, sisters, children, grandchildren, and great-grandchildren of such director's spouse.

Section 3. Classes of Directors.

The Board of Directors shall be and is divided into three classes, as nearly equal in number as possible, designated: Class I, Class II and Class III. In case of any increase or decrease, from time to time, in the number of directors, the number of directors in each class shall be

apportioned as nearly equal as possible. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 4. Election; Terms of Office.

Directors shall be elected by the Board of Directors at its annual meeting, as follows. Each director shall serve for a term ending on the date of the third annual meeting of directors following the annual meeting of directors at which such director was elected; provided, that each director initially appointed to Class I shall serve for an initial term expiring at the corporation's first annual meeting of directors following the effectiveness of this provision; each director initially appointed to Class II shall serve for an initial term expiring at the corporation's second annual meeting of directors following the effectiveness of this provision; and each director initially appointed to Class III shall serve for an initial term expiring at the corporation's third annual meeting of directors following the effectiveness of this provision; provided further, that the term of each director shall continue until the election and qualification of a successor and be subject to such director's earlier death, resignation or removal.

Section 5. Reimbursement and Compensation.

Directors shall not receive any compensation for their services as a director of the corporation. The directors shall be entitled to reimbursement for out-of-pocket expenses reasonably incurred in the discharge of their duties as directors.

Section 6. Committees.

The Board of Directors may elect or appoint one or more committees and may delegate to any such committee or committees any or all of their powers, provided that any committee to which the powers of the directors are delegated shall consist solely of directors. Unless the Board of Directors otherwise determines, committees shall conduct their affairs in the same manner as is provided in these Bylaws for the Board of Directors. For the avoidance of doubt, any action taken by a committee shall be approved by a majority of the Independent members of such committee who are present, except to the extent that a larger number is required by law, the Articles or Organization of the corporation or these Bylaws. The members of any committee shall remain in office at the pleasure of the Board of Directors.

Section 7. Resignation and Removal; No Right to Compensation.

Any director may resign at any time by delivering his or her resignation in writing to the chair of the Board of Directors, if any, the president or the clerk of the corporation or to the corporation at its principal office. Such resignation shall be effective upon receipt unless specified to be effective at some other time. Directors may be removed from office with or without cause by a vote of two-thirds (2/3) of the Independent directors then in office at a meeting of directors of which notice was provided in accordance with Article IV, Section 4 of these Bylaws.

Unless the directors in their discretion provide for compensation, no director resigning, and (except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the corporation) no director removed, shall have any right to any

compensation as such director for any period following his resignation or removal, or any right to damages on account of such removal.

Section 8. Vacancies.

Continuing directors may act despite a vacancy or vacancies in the Board and shall for the purpose be deemed to constitute the full Board. Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from the enlargement of the Board, may be filled by vote of a majority of the Independent directors then in office. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such director's earlier death, resignation or removal.

**ARTICLE IV
MEETINGS OF THE BOARD OF DIRECTORS**

Section 1. Place.

Meetings of the Board of Directors shall be held at such place within or without Massachusetts as may be determined by the directors or named in the notice of such meeting.

Section 2. Annual and Regular Meetings.

The annual meeting of the Board of Directors shall be held on the first Monday in May and shall be called by the president, treasurer, clerk or any director. In the event the annual meeting is not held on such date, a special meeting in lieu of the annual meeting may be held with all the force and effect of an annual meeting. Regular meetings may be held at such times as the directors may fix.

Section 3. Special Meetings.

Special meetings of the Board of Directors may be held at any time when called by the chair of the Board of Directors, if any, the president or a majority of the directors then in office.

Section 4. Notice of Meetings.

No notice need be given for a regular or annual meeting. Notice of any special meetings of the Board of Directors shall be given at least forty-eight hours previous thereto, unless shorter notice is adequate under the circumstances, personally, by telephone, by written notice to each director at such address shown on the records of the corporation or by electronic means to the e-mail address, facsimile number or other contact information appearing on the records of the corporation. Notwithstanding anything in the foregoing to the contrary, the Board of Directors may not (a) remove a director or (b) amend any provision of these Bylaws at any meeting of the directors unless written notice of the proposed removal or amendment, as applicable, is delivered to all directors at least twenty (20) days prior to such meeting stating the name(s) of the director(s) up for removal or the proposed amendment to these Bylaws, as applicable.

Whenever notice of a meeting is required, such notice need not be given to any director if a written waiver of notice, executed before or after the meeting, is filed with the records of the

meeting, or to any director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to such director. Neither such notice nor waiver of notice need specify the purposes of the meeting, unless otherwise required by law, the Articles of Organization of the corporation or these Bylaws.

Section 5. Quorum; Action by the Board of Directors.

A majority of the directors then in office shall constitute a quorum, but a smaller number may adjourn finally or from time to time without further notice until a quorum is present. When a quorum is present, a majority of the Independent directors present may take action on behalf of the Board of Directors, except to the extent that a larger number is required by law, the Articles or Organization of the corporation or these Bylaws.

Section 6. Action by Consent; Presence Through Communications Equipment.

Any action required or permitted to be taken at any meeting of the directors may be taken without a meeting if all the directors consent to the action in writing and the written consents are filed with the records of the meetings of the directors. Such consents shall be treated for all purposes as a vote at a meeting.

Unless otherwise provided by law or the Articles or Organization of the corporation, directors may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

Section 7. Vote of Interested Directors.

A director who is a member, stockholder, trustee, director, officer or employee of any firm, corporation or association with which the corporation contemplates contracting or transacting business shall disclose his or her relationship or interest to the other directors acting upon or in reference to such contract or transaction. No director so interested shall vote on such contract or transaction, but he or she may be counted for purpose of determining a quorum. The affirmative vote of a majority of the disinterested, Independent directors shall be required before the corporation may enter into such contract or transaction.

In case the corporation enters into a contract or transacts business with any firm, corporation or association of which one or more of its directors is a member, stockholder, trustee, director, officer, or employee, such contract or transaction shall not be invalidated or in any way affected by the fact that such director or directors have or may have interests therein which are or might be adverse to the interests of the corporation. No director or directors having disclosed such adverse interest shall be liable to the corporation or to any creditor of the corporation or to any other person for any loss incurred by it under or by reason of any such contract or transaction, nor shall any such director or directors be accountable for any gains or profits to be realized thereon.

Notwithstanding the foregoing, nothing in this section shall require a director who is a member, stockholder, trustee, director, officer or employee of an affiliate of the corporation to disclose his

or her relationship with such affiliate in connection with a discussion of, or vote on, any matter dealing with such affiliate and such relationship shall not be deemed a conflict of interest for any purpose, unless otherwise expressly determined by an affirmative vote of a majority of the Independent directors then in office or unless such disclosure is required pursuant to the corporation's conflict of interest policy. For purposes hereof, an "affiliate" of the corporation includes any entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the corporation.

ARTICLE V OFFICERS AND AGENTS

Section 1. Enumeration and Qualification.

The officers of the corporation shall be a president, chair of the Board of Directors, vice chair of the Board of Directors, treasurer, clerk and such other officers, if any, as the Board of Directors may determine. An officer may, but need not be, a director. The clerk shall be a resident of Massachusetts unless the corporation has a resident agent duly appointed for the purpose of service of process. A person may hold more than one office at the same time; provided, however, that the same person shall not serve as the president of the corporation and the chair or the vice chair of the Board of Directors.

Section 2. Election and Tenure.

The president, chair of the Board of Directors, vice chair of the Board of Directors, treasurer and clerk shall be elected annually by the Board of Directors at its regular annual meeting or, if such officers are not elected at the annual meeting, such election shall be held as soon thereafter as is convenient. Other officers, if any, may be elected by the directors at any time. The president, chair of the Board of Directors, vice chair of the Board of Directors, treasurer and clerk shall each hold office until the next annual meeting of the Board of Directors and until a successor is elected and qualified, or until their death, resignation or removal, and other officers shall serve at the pleasure of the directors.

Section 3. Resignation and Removal; No Right to Compensation.

Any officer may resign at any time by delivering his or her resignation in writing to the chair of the Board of Directors, the president or the clerk of the corporation or to the corporation at its principal office. Such resignation shall be effective upon receipt unless specified to be effective at some other time. Any officer may be removed with or without cause at any time by a vote of two-thirds (2/3) of the Independent directors then in office.

Unless the directors in their discretion provide for compensation, no officer resigning, and (except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the corporation) no officer removed, shall have any right to any compensation as such officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise.

Section 4. Vacancies.

Vacancies in any office may be filled by the directors.

Section 5. Chair and Vice Chair of the Board of Directors.

The chair of the Board of Directors shall preside at all meetings of the directors except as the directors shall otherwise determine, and shall have such other powers and duties as may be determined by the directors.

The vice chair of the Board of Directors shall preside at all meetings of the directors from which the chair is absent, except as the directors shall otherwise determine, and shall have such other powers and duties as may be determined by the directors.

Section 6. President.

Unless otherwise determined by the directors, the president shall be the chief executive officer of the corporation and, subject to the control of the directors, shall have general charge and supervision of the affairs of the corporation. The president shall have such other duties and powers as the directors shall determine.

Section 7. Treasurer.

The treasurer shall be the chief financial officer of the corporation. He or she shall be in charge of its financial affairs, funds, securities and valuable papers and shall keep full and accurate records thereof. He or she shall have such other duties and powers as designated by the directors or the president.

Section 8. Clerk.

The clerk shall record and maintain records of all proceedings of the directors in a book or books kept for that purpose and shall have custody of the seal of the corporation. If the clerk is absent from any meeting of directors, a temporary clerk chosen at the meeting shall exercise the duties of the clerk at the meeting.

Section 9. Other Officers.

Other officers shall have such duties and powers as may be designated from time to time by the directors.

Section 10. Sponsors, Benefactors, Contributors, Advisors, Friends of the Corporation.

Persons or groups of persons designated by the Board as sponsors, benefactors, contributors, advisors or friends of the corporation or such other title as the Board deems appropriate shall, except as the Board of Directors shall otherwise determine, serve in an honorary capacity. In such capacity they shall have no right to notice of or to vote at any meeting, shall not be considered for purposes of establishing a quorum and shall have no other rights or responsibilities.

ARTICLE VI
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The corporation shall, to the extent legally permissible, indemnify each person who may serve or who has served at any time as a director or officer of the corporation or any of its subsidiaries, or who at the request of the corporation may serve or at any time has served as a director, officer or director of, or in a similar capacity with, another organization, against all expenses and liabilities (including counsel fees, judgments, fines, excise taxes, penalties and amounts payable in settlements) reasonably incurred by or imposed upon such person in connection with any threatened, pending or completed action, suit or other proceeding, whether civil, criminal, administrative or investigative, in which he or she may become involved by reason of his or her serving or having served in such capacity (other than a proceeding voluntarily initiated by such person unless he or she is successful on the merits, the proceeding was authorized by the corporation or the proceeding seeks a declaratory judgment regarding his or her conduct); provided that no indemnification shall be provided for any such person with respect to any matter as to which he or she shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation; and provided, further, that as to any matter disposed of by a compromise payment by such person, pursuant to a consent decree or otherwise, the payment and indemnification thereof have been approved by the corporation, which approval shall not unreasonably be withheld, or by a court of competent jurisdiction. Such indemnification shall include payment by the corporation of expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition of such action or proceeding, upon receipt of an undertaking by the person indemnified to repay such payment if he or she shall be adjudicated to be not entitled to indemnification under this article, which undertaking may be accepted without regard to the financial ability of such person to make repayment.

A person entitled to indemnification hereunder whose duties include service or responsibilities as a fiduciary with respect to a subsidiary or other organization shall be deemed to have acted in good faith in the reasonable belief that this or her action was in the best interests of the corporation if he or she acted in good faith in the reasonable belief that his or her action was in the best interests of such subsidiary or organization or of the participants or beneficiaries of, or other persons with interests in, such subsidiary or organization to whom he or she had a fiduciary duty.

Where indemnification hereunder requires authorization or approval by the corporation, such authorization or approval shall be conclusively deemed to have been obtained, and in any case where a director of the corporation approves the payment of indemnification, such director shall be wholly protected, if:

- (i) the payment has been approved or ratified (1) by a majority vote of a quorum of the directors consisting of persons who are Independent and not at that time parties to the proceeding, or (2) by a majority vote of a committee of two or more Independent directors who are not at that time parties to the proceedings and are selected for this purpose by the full Board (in which selection directors who are parties may

participate); or

(ii) the action is taken in reliance upon the opinion of independent legal counsel (who may be counsel to the corporation) appointed for the purpose by vote of the directors or in the manner specified in clauses (1) or (2) of subparagraph (i); or

(iii) the payment is approved by a court of competent jurisdiction; or

(iv) the directors may have otherwise acted in accordance with the standard of conduct set forth in Chapter 180 of the Massachusetts General Laws.

Any indemnification or advance of expenses under this article shall be paid promptly, and in any event within 30 days, after the receipt by the corporation of a written request therefor from the person to be indemnified, unless with respect to a claim for indemnification the corporation shall have determined that the person is not entitled to indemnification. If the corporation denies the request or if payment is not made within such 30-day period, the person seeking to be indemnified may at any time thereafter seek to enforce his or her rights hereunder in a court of competent jurisdiction and, if successful in whole or in part, he or she shall be entitled also to indemnification for the expenses of prosecuting such action. Unless otherwise provided by law, the burden of proving that the person is not entitled to indemnification shall be on the corporation.

The right of indemnification under this article shall be a contract right inuring to the benefit of the directors, officers, and other persons entitled to be indemnified hereunder, and no amendment or repeal of this article shall adversely affect any right of such director, officer or other person existing at the time of such amendment or repeal.

The indemnification provided hereunder shall inure to the benefit of the heirs, executors and administrators of a director, officer or other person entitled to indemnification hereunder. The indemnification provided hereunder may, to the extent authorized by the corporation, apply to the directors, officers and other persons associated with constituent corporations that have been merged into or consolidated with the corporation who would have been entitled to indemnification hereunder had they served in such capacity with or at the request of the corporation.

The right of indemnification under this article shall be in addition to and not exclusive of all rights to which such director or officer or other persons may be entitled. Nothing contained in this article shall affect any rights to indemnification to which corporation employees or agents other than directors and officers and other persons entitled to indemnification hereunder may be entitled by contract or otherwise under law.

ARTICLE VII AMENDMENT

These Bylaws may be altered, amended or repealed, in whole or in part, by the directors at a meeting of directors of which notice was provided in accordance with Article IV, Section 4 of these Bylaws.

Exhibit 1.0(ii)

**ANGEL FLIGHT OF NEW ENGLAND, INC.
CONFLICT OF INTEREST POLICY**

ANGEL FLIGHT OF NEW ENGLAND, INC.

CONFLICT OF INTEREST POLICY

1. PURPOSE

The purpose of this Conflict of Interest Policy (the "Policy") is to protect the interests of Angel Flight of New England, Inc. ("Angel Flight") in connection with any transaction or arrangement that might benefit the private interests of any Covered Person, as defined below. This Policy provides (i) a systematic mechanism for disclosing and evaluating potential and actual conflicts; and (ii) procedures for the Board of Directors in considering any transaction or arrangement where a conflict may exist. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit corporations.

2. PERSONS COVERED BY THE POLICY

This policy addresses transactions and arrangements involving Angel Flight's directors, officers, members of any committee of Angel Flight's Board of Directors with authority to act on behalf of the Board of Directors, and Angel Flight's executive employees and any other manager or supervisor identified by the Board of Directors or the President as exercising substantial influence over the operations of Angel Flight ("Covered Persons"). Every Covered Person shall sign a statement that affirms that he or she has received a copy of this Policy, has read and understands it, and has agreed to comply with it, and shall complete the questionnaire attached hereto disclosing his or her actual and potential conflicts of interest on an annual basis.

3. DUTIES OF COVERED PERSONS

- a. **Duty of Care.** Every Covered Person shall perform his or her duties for Angel Flight in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances.
- b. **Duty of Loyalty.** Every Covered Person must act with loyalty to Angel Flight, meaning that no Covered Person may use his or her position with Angel Flight to make personal profit or gain other personal advantage. No Covered Person may personally take advantage of a business opportunity that is offered to Angel Flight unless the Board of Directors determines (after full disclosure and a disinterested and informed evaluation) not to pursue that opportunity.
- c. **Conflicts of Interest.** No Covered Person may engage in any transaction or arrangement or undertake positions with other organizations that involve a conflict of interest, except in compliance with this Policy. Covered Persons should avoid both actual conflicts and the appearance of conflicts of interest. Every Covered Person shall:

- (i) Disclose all actual and potential conflicts as set out below at Section 5; and
- (ii) Recuse himself or herself from voting on any transaction or arrangement in which he or she has a potential or actual conflict of interest, and shall not be present when any such vote is taken.

4. CONFLICT OF INTEREST

- a. **Identifying a Potential Conflict.** A Covered Person may have a conflict of interest with respect to a transaction or arrangement involving Angel Flight whenever he or she, or any of his or her family members:
 - (i) **Compensation.** Receives compensation directly or indirectly from Angel Flight and the transaction or arrangement involves such compensation (e.g., an Angel Flight employee has a conflict of interest with respect to the determination of his or her own compensation). Compensation for purposes of this Policy includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature;
 - (ii) **Financial Interest.** Has or anticipates having any financial interest, including an ownership interest, investment interest, or compensation arrangement, in or with any entity or individual that (i) sells goods or services to, or purchases services from, Angel Flight; or (ii) has any other transaction or arrangement with Angel Flight (e.g., an Angel Flight director who owns stock in a corporation that sells goods or services to Angel Flight may have a conflict of interest with regard to such sales transactions); or
 - (iii) **Management Role.** Serves or anticipates serving as a director, trustee or officer of, any entity or individual that either: (i) sells goods or services to, or purchases services from, Angel Flight; or (ii) has any other transaction or arrangement with Angel Flight; or
 - (iv) **Positions with Grant Applicants.** Has or anticipates serving as a director, trustee, or officer of any entity that receives or seeks grant funding from Angel Flight (a "Grant Applicant"); or
 - (v) **Financial Relationships with Grant Applicants.** Has or anticipates having any financial relationship, including as an employee or a paid consultant, to a Grant Applicant.
- b. **No Conflict.** A Covered Person does not have a conflict of interest if the Covered Person owns securities of a publicly traded company with which Angel Flight has a transaction or arrangement if:

- (i) Such securities are less than 5% of the outstanding securities of the publicly traded company; and
- (ii) Their fair market value is less than 5% of the Covered Person's annual gross income.

5. DISCLOSURE AND EVALUATION OF CONFLICTS

a. Disclosure. Each Covered Person shall promptly and fully disclose all material facts of every actual or potential conflict of interest:

- (i) Existing at the time when he/she becomes a Covered Person;
- (ii) That arises while he/she is a Covered Person, at the time such actual or potential conflict arises; and
- (iii) Annually through the annual Conflict of Interest Questionnaire, a copy of which is attached hereto.

All disclosures involving a transaction or arrangement being considered at a meeting of the Board of Directors or a committee shall be made to all members present at such meeting. All other disclosures shall be made to the President (who shall disclose his or her conflicts to the Board of Directors). A Covered Person who is in doubt as to the existence of a conflict of interest is encouraged to disclose all facts pertaining to the transaction or arrangement before undertaking the transaction or arrangement or making any decision in the matter.

b. Evaluation.

- (i) The President shall disclose to the Board of Directors all conflicts of interest reported to him or her under this Policy. The Board of Directors will evaluate the disclosures and the material facts relating to the transaction or arrangement giving rise to the potential conflict of interest to determine whether they involve actual conflicts of interest and may attempt to develop alternatives to remove the conflict from the transaction or arrangement. The Board of Directors may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (ii) A Covered Person who has an actual or potential conflict of interest shall not be present for or shall leave any portion of a meeting at which the Board of Directors or a committee is voting to determine whether a conflict exists, but may be present prior to the vote to make a presentation to the Board or committee, to disclose additional facts, or to respond to questions.

- (iii) In any case in which a Covered Person has a position as a director, trustee or officer of a Grant Applicant, the Board of Directors shall not be required to evaluate whether there is an actual or potential conflict of interest. The Covered Person who serves in such position shall not be present for and shall not participate (other than to answer questions raised by the disinterested directors or committee members) in any portion of a meeting of the Board of Directors or a committee appointed by the Board at which a grant to, or any other action concerning the Grant Applicant, is considered. This provision is intended to avoid conflicts in fiduciary obligations of the Covered Person owed to the Grant Applicant and to avoid any appearance of impropriety.

6. PROCEDURES FOR ACTING ON CONFLICT OF INTEREST TRANSACTIONS

- a. **Formal Approval.** Angel Flight may enter into a transaction or arrangement in which a Covered Person has a conflict of interest if:
 - (i) The Covered Person has disclosed the conflict of interest in accordance with this Policy;
 - (ii) A majority of directors who have no interest in the transaction or arrangement approve the transaction or arrangement at a Board or committee meeting after determining, in good faith and after reasonable investigation, that the transaction or arrangement is fair and reasonable to Angel Flight and is in Angel Flight's best interest;
 - (iii) Any Covered Person who has an actual or potential conflict with respect to the transaction or arrangement does not participate in and is not present for the vote regarding any such transaction or arrangement (provided, however, that any such Covered Person may appear at a meeting to answer questions concerning the transaction or arrangement); and
 - (iv) In any arrangement or transaction involving compensation, remuneration or other economic or financial benefit to the Covered Person, the Board of Directors relies upon appropriate comparability data, such as an independent appraisal or an independent compensation study, in reaching its determination as to the fairness and reasonableness of the transaction or arrangement to Angel Flight.
- b. **Transaction Fair to Angel Flight.** It shall not be a violation of this Policy if all the requirements for formal approval, outlined above, are not satisfied, so long as the transaction or arrangement is in fact fair to Angel Flight, furthers its tax-exempt purposes, and does not result in private inurement, impermissible private benefit, or an excess benefit transaction under laws applicable to organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

7. RECORDS OF PROCEEDINGS

- a. Content of Minutes.** The minutes of the Board of Directors or any committee of the Board for any meetings described above shall contain:
- (i) The names of the persons who disclosed an actual or potential conflict of interest or otherwise were found to have a conflict of interest;
 - (ii) the nature of the conflict of interest;
 - (iii) any action taken to determine whether a conflict of interest was present;
 - (iv) the Board's or committee's decision as to whether a conflict of interest in fact existed;
 - (v) The names of the persons who were present for discussions and votes relating to the transaction or arrangement;
 - (vi) the content of the discussion, including any alternatives to the proposed transaction or arrangement considered and any comparability data relied upon; and
 - (vii) a record of any votes taken in connection with the issue, transaction or arrangement.
- b. Timing.** The minutes of any meeting described above shall be prepared by the later of the next succeeding meeting of the Board of Directors or committee, or sixty (60) days after the final action on the matter is taken by the Board of Directors or committee.

8. ENFORCEMENT

Each Covered Person shall sign a statement acknowledging that he or she has received a copy of this Policy, has read and understands it, and agrees to comply with it. If the Board of Directors has reasonable cause to believe that a Covered Person has failed to comply with this Policy, the Board may counsel the Covered Person regarding such failure and, if the issue is not resolved to the Board's satisfaction, may consider additional corrective action as appropriate.

CERTIFICATE OF ADOPTION

The foregoing Conflict of Interest Policy was adopted by the Board of Directors of Angel Flight of New England, Inc. on the 28th day of June, 2010.

By: _____
_____, Chairman of the Board

ANGEL FLIGHT OF NEW ENGLAND, INC.
FORM 990 AND CONFLICT OF INTEREST QUESTIONNAIRE

This questionnaire solicits information that Angel Flight of New England, Inc. (the "Corporation") needs in order to complete its annual Form 990. It also requests disclosure of relationships, investments, and transactions that may lead to a conflict of interest, as required under the Corporation's Conflict of Interest Policy.

At Part V of this Questionnaire is a list of definitions to assist you in completing this Form. Defined words are **bolded** throughout this document.

All current and certain former officers, directors, and **key employees** of the Corporation must complete this form and return it to the Corporation no later than February 1, 20___. Note that you are a current officer, director or **key employee** if you served at any time during the period from January 1, 20__ through December 31, 20___. You are a former officer, or **key employee** if you served at any time during the last 5 tax years of the Corporation and received from the Corporation more than \$100,000 from January 1, 20__ through December 31, 20___. You are a former director if you served at any time during the last 5 tax years of the Corporation and received at least \$10,000 in reportable compensation from the Corporation from January 1, 20__ through December 31, 20__.

Current Directors, Officers and Key Employees: Please complete all parts of this form. Because some of the questions below ask about your relationships to other current officers, directors, and **key employees** of the Corporation, we have listed all such individuals on the attached Exhibit A, for your convenience.

Former Directors, Officers, and Key Employees: You are required to complete only Part II (Business Relationships with the Corporation) and Part III.A (Past Grants or Assistance from the Corporation) of this form. All other sections may be left blank.

Please answer the questions *to the best of your knowledge*. Attach additional sheets if necessary to provide a complete response. Note that the Corporation may require additional information to comply with its Form 990 disclosure obligations.

NAME AND POSITION:

Your Name: _____

Position(s)/Status from January 1, 20__ through December 31, 20__:

(e.g., current officer, director, or **key employee** or former officer, director or **key employee**) List all that apply.

I. BUSINESS AND FAMILY RELATIONSHIPS AMONG DIRECTORS, OFFICERS, AND KEY EMPLOYEES

A. Business Relationships. During the time period from January 1, 20__ through December 31, 20__, did you have any of the following relationships with a person who was also a current director, officer, or **key employee** of the Corporation listed on Exhibit A (a "Corporation Supporter"):

- 1) Both you and another Corporation Supporter were directors, trustees or officers of the same business or investment entity? YES NO
- 2) You and another Corporation Supporter each was a greater than 10% owner of the same business or investment entity? YES NO
- 3) You employed another Corporation Supporter or he/she employed you? YES NO
- 4) A company 35% owned by you employed another Corporation Supporter? YES NO
- 5) A company that you served as a director, trustee, officer, or **key employee** employed another Corporation Supporter? YES NO
- 6) You were employed by a company 35% owned by another Corporation Supporter? YES NO
- 7) You were employed by a company that another Corporation Supporter served as a director, trustee, officer, or **key employee**? YES NO
- 8) You had a **business transaction** (directly or **indirectly**) with another Corporation Supporter involving transfers of cash or property valued in excess of \$10,000?¹ YES NO

If you answered yes to any of the preceding questions, please describe the relationship and identify the entity and persons involved. If you answered "yes" to # 8, please also describe the **business transaction**.

B. Family Relationships. Please specify below any other current officer, director, or **key employee** of the Corporation listed in Exhibit A with whom you have a **family** relationship.

Name	Relationship

¹ For purposes of this question, do **NOT** report the following transactions and relationships: (a) transactions occurring in the ordinary course of either party's business on the same terms as are generally offered to the public (e.g., the purchase of a car from a dealership owned by another Corporation Supporter); (b) attorney-client relationships; (b) physician/psychologist-patient relationships; and (c) priest/clergy-penitent/communicant relationships.

II. BUSINESS RELATIONSHIPS WITH THE CORPORATION

A. Past Business Relationships with Corporation

During the time period from January 1, 20__ through December 31, 20__, did any of the following persons make a payment to or receive a payment from the Corporation in connection with a **business transaction**:

- 1) You? YES NO
- 2) Any of your **family members**? YES NO
- 3) An entity owned 35% by you and/or your **family members**? YES NO
- 4) Your employer? YES NO
- 5) Any organization you served as a director, trustee or officer? YES NO
- 6) Any professional corporation or entity taxable as a partnership in which you have an ownership interest exceeding 5%? YES NO

If you answered yes to any portion of this question, please provide the name of the person or involved organization, the amount of money involved and the nature of the transaction.

B. Prospective Business Relationships with Corporation

- 1) Do you expect to enter into a **business transaction** with the Corporation in the upcoming year? YES NO
- 2) Name of your employer (if employed): _____
Do you expect your employer to enter into a **business transaction** with the Corporation in the upcoming year? YES NO N/A
- 3) Do you expect any of your **family members** to enter into a **business transaction** with the Corporation in the upcoming year? YES NO
- 4) Do you own or have a significant interest in any company that you expect to enter into a **business transaction** with the Corporation in the upcoming year? YES NO
- 5) Do any of your **family members** own or have a significant investment interest in a company that you expect to enter into a **business transaction** with the Corporation in the upcoming year? YES NO

If you answered yes to questions 1 through 5, please identify the persons and/or companies involved and the nature of the **business transaction**.

6) Do you, or does any **family member**, serve as an officer, director, trustee, manager, consultant or similar position, whether paid or unpaid, for any organization that you expect will enter into a **business transaction** with the Corporation in the upcoming year? If so, please complete the chart below. [] YES [] NO

If you answered yes to question 6, please identify the persons and/or organizations involved, the position that you or your **family member** holds at the organization, and the nature of the **business transaction**.

<u>Your Name /Family Member Name</u>	<u>Name of Organization</u>	<u>Named Individual's Position</u>	<u>Nature of Transaction/ Organization's Business</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

III. GRANTS ASSISTANCE PROVIDED BY THE CORPORATION

A. Past Grants or Assistance from the Corporation

During the time period from January 1, 20__ through December 31, 20__, did any of the following persons receive a grant (e.g., scholarships, prizes, awards, or part-gift-/part-sale transactions) or other assistance (e.g., cash, goods, services, or provision of facilities) from the Corporation:

- a) You? [] YES [] NO
- b) Any of your **family members**? [] YES [] NO
- c) An entity owned 35% by you and/or your **family members**? [] YES [] NO

If you answered yes to any portion of this question, please provide the name of the person or entity that received the grant or assistance and the nature and/or amount of the grant or assistance provided.

B. Relationships with Prospective Grantees and Grant Applicants

Do you and/or any of your **family members** serve as a director, trustee, officer, employee, or paid consultant of any organization that currently receives or seeks, or is anticipated to receive or seek, grant funding from the Corporation? [] No [] Yes

If yes, please identify the organization(s) and the position that you and/or your **family member** holds at the organization(s).

IV. COMPENSATION FROM RELATED ORGANIZATIONS

During the time period from January 1, 20__ through December 31, 20__, did you receive any compensation from a **related organization** as an officer, employee, or independent contractor? (To help you answer this question, a list of the Corporation's **related organizations** is provided in Exhibit B.)

No Yes

If yes, please identify the **related organization(s)** and the nature of your relationship with the **related organization(s)**, including the amount of compensation that you received.

V. DEFINITIONS

"Business Transactions" include but are not limited to contracts of sale, leases, licenses, performance of services (whether initiated during the tax year or ongoing from a prior year), and joint ventures (whether new or ongoing) in which either the profits or capital interest of the organization and the interested person each exceeds 10% of the joint venture. Business transactions don't include charitable contributions.

"Family members" include (1) spouses, ancestors, brothers or sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, (2) spouses of brothers, sisters, children, grandchildren, or great-grandchildren and (3) brothers, sisters, children, grandchildren, or great-grandchildren of an individual's spouse.

"Indirectly" – Indirect transactions are transactions with an organization with respect to which you or the other person is/was associated as a trustee, director officer, key employee, or greater-than-35% owner. For example, a transaction between the company in which you have a 35% ownership interest and the Corporation is an indirect transaction between you and the Corporation

A **"key employee"** is an employee who satisfies each of the following three tests: (1) has reportable compensation from the organization and related organizations of at least \$150,000 (the **"\$150,000 test"**); (2) has responsibilities, power, or influence over the entire organization similar to a director or officer; OR manages a segment or activity representing at least 10% of the organization's activities, assets, income, or expenses; OR has or shares authority to control/determine 10% or more of the organization's capital expenditures, operating budget, or employee compensation (the **"responsibility test"**); and (3) is one of his/her employer's top 20 highest paid persons for the year who satisfied both the \$150,000 test and the responsibility test (**"top 20 test"**). Management companies and similar entities that are independent contractors with respect to the organization should not be treated as key employees.

"Ownership" is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (*e.g.*, ownership in an entity that has ownership in the entity in question).

A **“related organization”** is an organization that stands in one or more of the following relationships to the Corporation: parent, subsidiary, brother/sister organization, or supporting/supported organization. The Corporation’s **related organizations** are listed in Exhibit B to this questionnaire.

ACKNOWLEDGMENT AND SIGNATURE

To the best of my knowledge and belief, the above information is true and accurate.

DATED this ____ day of _____, 20____.

By: _____

Print Name: _____

RETURN THIS COMPLETED FORM TO:

NO LATER THAN FEBRUARY 1, 20

If you have any questions regarding this form, please contact [_____].

EXHIBIT B
Related Organizations

[List all Related Organizations. Review and update list each year as necessary.]