

Practically: **ABC** desires to organize a non-profit organization that would benefit **ABC**. However, set-up and operating costs are disproportionately high for **ABC**. To save money, **ABC** is willing and able to provide (i) an office space, (ii) office equipment, (iii) utilities, and (iv) useful support.

To validly proceed, the following processes must take place:

- The non-profit organization (**DEF**) management will have to establish clear and comprehensive conflict of interest's rules and abide by said rules.
- **ABC** must establish the value for items (i) to (iv) provided to **DEF** based on fair market value by **ABC**.
- **DEF** board of directors to make a special resolution to be memorialized in **DEF** minutes of the board to accept the terms of the proposed transaction. Board members who have a conflict of interest (*as defined above*), shall abstain to vote on the proposed resolution.
- **ABC**' s compensation cannot be paid to the detriment of other creditors. Should funds raised be insufficient to cover all debts, non-related parties shall be paid first, and if that class of creditors cannot be covered entirely, apportionment within the class is permitted, with related parties remaining out of the general creditors class.