

EAST CENTRAL UNIVERSITY FOUNDATION, INC.

CONFLICT OF INTEREST POLICY

Date of Policy: August 2018

Dates of Review: January 2020, September 2024

Dates of Revisions: January 2020

The purpose of this conflict of interest policy is to protect East Central University Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers, directors or employees, or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest.

I. SCOPE

This policy statement is directed to not only officers and directors, but also to employees, committee members, and volunteers who may be in a position to exercise substantial influence over the actions and affairs of the East Central University Foundation.

A conflict of interest may exist where an interested party, or a relative or business associate of an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the organization. Examples include the following:

- A. The organization contracts to purchase or lease goods, services, or properties from an interested party, relative, or business associate of an interested party.
- B. The organization purchases an ownership interest in or invests in a business entity owned by an interested party, relative, or business associate of an interested party.
- C. The organization offers employment to an interested party, relative, or business associate of an interested party, other than a person who is already employed by the organization.
- D. An interested party, relative, or business associate of an interested party, is provided with a gift, gratuity or favor, of a substantial nature, from a person or entity who/which does business, or seeks to do business, with the organization.
- E. An interested party, relative or business associate of an interested party, is gratuitously provided use of the facilities, property, or services of the organization.

A conflict may also exist where an interested party, relative or business associate of an interested party obtains a non-financial benefit or advantage that he/she would not have obtained without his/her relationship with the organization, or where his/her duty or responsibility owed to the organization conflicts with a duty or responsibility owed to some other organization. Examples include the following:

- A. An interested party seeks to obtain preferential treatment by the organization for himself, relative, or business associate.
- B. An interested party seeks to make use of confidential information obtained from the organization for his own benefit, or for the benefit of a relative, business associate, or other organization.
- C. An interested party seeks to take advantage of an opportunity, or enable a relative, business associate or other organization to take advantage of an opportunity which he/she has reason to believe would be of interest to the organization.

II. DEFINITIONS

Interested Person: Any director, officer, committee member with governing board delegated powers, person, and his/her immediate family members or controlled entities, having a direct or indirect interest in a transaction or arrangement involving East Central University Foundation.

Family member: The spouse, ancestors, children, grandchildren, great grandchildren, siblings, and the spouse of each such person.

Controlled entity: Any corporation or organization of which an “interested person” is a board member, director, officer, partner, or participant in the management of or employee of, or directly or indirectly owns or is the beneficial owner of any debt or equity securities as well as any trust or estate in which an “interested person” holds a substantial beneficial interest or as to which an “interested person” serves as a trustee or executor.

Conflict of interest: Any situation where an “interested person’s” private interests may be incompatible with or in conflict with their responsibilities to East Central University Foundation. This includes, but is not limited to, situations involving the “interested person” receiving a direct or indirect pecuniary or financial gain that might affect the objectivity or business judgment of the person involved.

Confidential information: Information or material acquired in the course of conducting a person’s responsibilities to East Central University Foundation such as rosters, mailing lists, telephone directories, business plans, non-public board proceedings, and information regarding vendors and/or donors.

III. DUTY TO DISCLOSE

The mere fact that an “*interested person*” may have a pecuniary or financial interest in a transaction involving East Central University Foundation does not necessarily mean that a conflict of interest exists. It is the policy of East Central University Foundation that only its board of directors and those to whom it has properly delegated such authority are authorized to determine whether a conflict of interest exists with respect to any particular transaction.

In connection with any actual, perceived, or possible conflict of interest an “interested person” must disclose the existence of his/her private interest and all material facts to East Central University Foundation through its directors and/or members of appropriate committees with board delegated authority so the actual, perceived, or potential conflict of interest can be reviewed and managed. To aid in such disclosure each “interested person” shall, no less frequently than annually, sign an “Affirmation of Compliance and Disclosure Statement”

IV. DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS

If there is ever a reason to believe that an actual or potential conflict of interests exists between the East Central University Foundation, Inc., and an interested party, the Board of Trustees will determine the appropriate organizational response. This will include, but not necessarily be limited to, invoking the procedures described in Section V below, with respect to a specific proposed action or transaction.

If the actual or potential conflict involves an employee of the organization other than the Executive Director, the Executive Director will be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of the Foundation. The matter will be reported to the Chairman, along with the results of any review and the action taken. The Chairman, in consultation with the Executive Committee, will determine if any further Board/Committee review or action is required.

V. ADDRESSING A CONFLICT OF INTEREST

After exercising its due diligence East Central University Foundation shall determine whether the organization can obtain with reasonable effort a more advantageous transaction or arrangement from a person or entity that would not create a conflict of interest. If an alternative transaction or arrangement is not possible, East Central University Foundation shall determine by a majority vote of disinterested directors whether the transaction or arrangement is in the best interests of the organization as well as fair and reasonable and whether or not to proceed with the transaction or arrangement.

VI. DISCIPLINARY ACTION

If East Central University Foundation has reason to believe that an “interested person” has failed to disclose an actual, perceived, or potential conflict of interest such person shall be informed of such alleged failure and given an opportunity to explain his/her actions. If thereafter there is still reason to believe that a conflict of interest exists the board of directors, or its delegate, shall take appropriate corrective or disciplinary action.

VII. REVIEW OF POLICY

This policy will be reviewed on a timely basis by the Management and/or the Executive Committee of the East Central University Foundation, Inc.