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**Section: Governance**

**Policy No: 1.2**

**Conflict of Interest Policy**

**PURPOSE:** The purpose of this Conflict of Interest Policy is to protect the interests of the Foundation, help identify situations that present potential or actual conflicts of interest, and to specify procedures for reporting, reviewing and managing them. This Policy is intended to supplement, not supersede, any applicable federal and state laws governing conflicts of interest applicable to nonprofit corporations.

**POLICY:** The College Heights Foundation Board of Directors, Officers, and key employees have a fiduciary duty of loyalty to the Foundation. This fiduciary duty requires that, in dealings for the Foundation, they put the interests of the Foundation ahead of all competing interests and that they not take advantage of their position with the Foundation for personal or private gain, either for themselves, any friend or family member, or any other organization in which they may have an interest. The Foundation recognizes the importance of adhering to the highest standards of responsibility, accountability and public scrutiny.

The Internal Revenue Service (IRS) Form 990, the annual reporting form applicable to tax-exempt entities such as the Foundation, contains several questions designed to meet the transparency and accountability needs of the states, the publics, and local communities served by the tax-exempt organization. This Conflict of Interest Policy, and the Disclosure Form which accompanies it, further serve as a mechanism for collecting the information necessary to accurately complete the Form 990.

**Disclosure**

Each Board member, Officer and key employee shall annually disclose interests or affiliations which give rise to, or may give rise to, a conflict of interest or an appearance of a conflict of interest in the context of the Board member's, Officer's or employee's service on behalf of the Foundation. Such interests or affiliations shall include, but not be limited to, ownership interests, outside employment, officers, directorships, trusteeships, advisory board memberships, committee or commission memberships, partnerships, or service arrangements which might in fact, or in appearance, conflict with the individual's responsibilities to the Foundation. If there are material changes in those interests and affiliations during the year, the Board member, Officer or key employee shall promptly amend his or her disclosure for the purpose of

disclosing those material changes. The completed disclosure forms shall be reviewed by Foundation staff and reported to the Executive Committee. The Executive Committee shall make disclosures to the Board as it deems appropriate with respect to reported conflicts. The remaining Board members will decide whether a conflict of interest exists.

### **Confidentiality**

The individual disclosure statements shall be held by the Foundation as confidential to the extent permitted by law, but shall be available for review by any Foundation officer or Board member.

### **Prohibition on Gifts or Other Benefits**

Board members, Officers and key employees shall not accept benefits, favors, gifts, or other items of value that might affect the exercise of such person's judgment on behalf of the Foundation, might tend to impair confidence in the Foundation, or might create an appearance of impropriety.

### **No Financial Relationship with Foundation Unless Disclosed and Approved**

No Board member, Officer or key employee shall have any relationship as director, officer, partner, employee, advisory board member or consultant with or to, or have any substantial financial interest in, any investment entity in which, or with which, the Foundation has an investment without prior approval of a majority of those voting on the investment and recusal of the Board member with the relationship. No Board member shall have any financial interest in any transaction between the Foundation and a third party (i.e., commission, finder's fee, annual fee, etc.) unless disclosed in advance to, and approved unanimously by, the Executive Committee. However, if such a conflict arises in connection with an investment decision, then the conflict should also be disclosed in advance to, and approved unanimously by, the Investment Committee. This prohibition covers any substantive and material financial interest. This prohibition does not apply to interests in publicly traded securities. If the Foundation has an investment relationship with an entity in which a Board member has an interest at the time the Board Member joins the Investment Committee, the Foundation may maintain that investment relationship, provided, however, that in deliberations relating to that investment relationship, the Board member having an interest shall absent himself or herself from the room and shall not otherwise participate in decisions relating to that investment relationship.

### **No Use of Foundation Information**

No board member shall, for personal gain or for the gain of other organizations or individuals, with which he or she is associated, use any information not available to the public-at-large which was obtained as a result of service to the Foundation.

### **Financial Interest in Proposed Foundation Transaction**

A financial interest is not necessarily a conflict of interest. An Interested Person who has a financial interest has a conflict of interest only if the Board or appropriate Committee decides that conflict of interest exists. When a Board member who is on the Investment Committee has a direct or indirect financial interest in a brokerage firm, an investment manager, a limited partnership or hedge fund entity, or other investment arrangement that is being considered by the Investment Committee for the Foundation, and that Board member discloses such interest to the Investment Committee, the Board member shall withdraw from the deliberations on such investment or transaction (an “Affected Transaction”). When evaluating an Affected Transaction, the Investment Committee shall carefully review the circumstances of the actual or apparent conflict and evaluate alternative transactions where such an actual or apparent conflict does not exist. If the Investment Committee nevertheless decides to proceed with the Affected Transaction, the Executive Committee must affirmatively endorse the actions of the Investment Committee to determine that the Affected Transaction is fair and reasonable and that it is in the Foundation’s best interests to enter into the Affected Transaction.

### **Fair and reasonable**

All transactions where a Board member has declared or been found to have a conflict of interest, whether or not such transaction involves an investment decision, must be fair and reasonable and in the Foundation’s best interests. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board will determine by a majority vote of disinterested Directors whether to enter into the transaction despite the conflict of interest.

### **Records of Proceedings**

The minutes will contain: a) the names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the disclosed conflict, any action taken to determine whether a conflict of interest was present, and the decision as to whether a conflict of interest in fact existed; and b) the names of the persons who were present for the discussion, the alternatives considered to the proposed transaction or arrangement, and a record of any votes taken in connection with the transaction or arrangement.

### **Application**

In applying this Policy, the substance and not the form of the transaction shall be the paramount consideration. Interests of a board member shall include direct and indirect interests. That is, the Policy shall apply to activities performed by a board member either directly or through another person. For this purpose, the term “person” includes natural persons as well as partnerships, corporations, companies, associations, limited liability entities and other organizations.

**Violations**

If the Board or Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it will inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If the Board or Committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it will take appropriate action, which may include immediate removal.