



Table of Contents

Conflict of Interest Policy

1. Basic Definitions.....	2
2. Purpose.....	3
3. Use of Outside Experts.....	3
4. General Policies and Expectations.....	3
5. Policies on Conflict of Interest.....	4
6. Procedures for Addressing the Conflict of Interest.....	5
7. Duties of the CSU Foundation Board President and the Executive Director.....	5
8. Duties of the Foundation Board of Trustees.....	5
9. Initial/Annual Disclosure Statement of the Board of Trustees.....	6

Conflict of Interest Policy

Central State University Foundation Board of Trustees

Basic Definitions

Related Party – (a) any trustee with Central State University Foundation Board of Trustees delegated powers, (ex-official) or key employee.

Key Employee – Any person who exercise substantial influence over the affairs of the Foundation (e.g., Executive Director), and any member of the Board and other person designated by the Foundation’s Board of Trustees and other staff members for purposes of this policy.

Related Party Transaction – Any transaction, agreement or any other arrangement in which a Related Party has a Financial Interest (as defined below) and in which the Foundation is a participant.

Financial Interest - A person has a Financial Interest if the person has, directly or indirectly, through business, investment or Family.

Relationship Between Board Members - To avoid having a majority related board, you must know how the IRS defines a relationship between board members. Board members who are related either through blood or marriage are considered related parties. The IRS typically considers grandparents, spouses, or siblings a relationship. Any relationship beyond an immediate family member, such as a cousin or aunt, is not considered a relationship in the eyes of the IRS.

The IRS goes beyond majority-related board members. It also includes dual-capacity individuals. Dual-capacity individuals are those who serve as an employee as well as an ex-official board member of the Foundation (Vice President of the University and Executive Director of the Foundation). This individual does not help satisfy quorum, especially when the board is voting on compensation for the Foundation Executive Director’s position. In fact, this individual must be excused from discussion and voting on matters relating to the staff. It is critical to understand the vision of responsibilities for board members and employees. The board is responsible for the governance of the organization, while employed individuals are responsible its management and operation.

IRS requires that all decision-making should be documented. Proper documentation also helps the Foundation ensure that all meetings have the proper board members to satisfy quorum. The Executive Director will help all CSU Foundation Board of Trustees abide by IRS guidelines.

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Central State University Foundation) interest when it is contemplating entering a transaction or arrangement that might benefit the private interest of a Board of Trustee or staff of the Foundation 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 conflict of interest applicable to CSU Foundation.

As an educational non-profit Foundation, Central State University Foundation Board of Trustees is supported by donations, and, as a non-profit entity, it is important to engage in activities that do not inappropriately benefit officers, trustees or staff. A conflict of interest policy helps to ensure that when actual or potential conflicts of interest arise that there are procedures in place to determine how to handle the conflicts. Moreover, it establishes a method through which conflicts are reported.

A conflict of interest policy should (a) require those with a conflict (or who think they may have a conflict) to disclose the conflict/potential conflict, and (b) prohibit interested board members from voting on any matter in which there is a conflict.

- Beyond including those two basic directives, Foundation BOT needs to determine how the board will manage the conflict.
- Keep in mind that the IRS Form 990 asks not only about whether the nonprofit has a written conflict of interest policy, but also about the process that the nonprofit uses to manage conflicts, as well as how the nonprofit determines whether board members have a conflict of interest.
- CSU Foundation's conflict of interest policy include how conflicts are to be managed. For example, Ohio law requires nonprofits to have a conflict of interest policy and the state law also provides guidance for drafting the policy, which must state that Board of Trustees, officers and key employees are to act in the "best interest of the nonprofit." Ohio law also requires the boards to adopt a process so that board members can annually disclose potential conflicts.

Use of Outside Experts

In conducting the periodic reviews, the Foundation may, but need to use outside advisors (attorney). If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted when circumstances warrant.

General Policies and Expectations

Members of the *Central State University Foundation Board of Trustees* are expected to commit themselves to ethical and professional conduct. This includes the proper use of authority and appropriate *etiquette*.

Members must represent unconflicted loyalty to the interest of the Foundation. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups,

business interests, personal interests, or paid or volunteer service to other organizations. It also surpasses the personal interest of any staff or volunteer member acting as a consumer or client of the Foundation's services.

It is the policy of the *Central State University Foundation Board of Trustees* that no Member shall derive any personal profit or gain, directly or indirectly, due to his or her service to the Foundation.

There may be no self-dealing or any conduct of private business or personal services between any Member and the Foundation except those conducted in an open, and objective manner to ensure equal competitive opportunity and equal access to information.

Although Foundation Board members are volunteer members, they must not use their positions to obtain employment in the Foundation for themselves, family members or close associates. Should a Board desire employment, he or she must first resign from the CSU Foundation Board of Trustees.

Board members may not attempt to exercise individual authority over the policies and operations of the Foundation except through their roles as voting members of the Board. Staff members may not attempt to exercise individual authority over the policies and operations of the Foundation except through their specific job responsibilities and established supervisory structure.

Foundation and University Board members in their interaction with the press and the public must recognize the inability of any individual member of the Board to speak for the Foundation except as expressly authorized by the *Foundation Board President*. Staff members *and or Consultants* in their interactions with the press and the public must recognize the inability of any individual staff member to speak for the Foundation except as expressly authorized by the Executive Director.

The Foundation will comply with both the letter and spirit of all public disclosure requirements, including the open availability of its Form 990 tax returns. However, all *Board members* must hold strictly confidential all issues of a private nature, including, but not limited to, issues related to private businesses, contributions from individuals, businesses, and other private entities, and all personnel matters.

Policies on Conflict of Interest

In conducting the affairs of the Foundation, opposition or conflict of interest shall be recognized when a person to whom this policy applies or a member of his/her immediate family serves as a trustee, officer, staff member.

Before a staff, Board member begins his or her service with the Foundation, he or she shall file with the Executive Director of the Foundation a list of his or her principal business activities, as well as involvement with other charitable and business organizations, vendors, or business interests, or with any other associations that might produce a conflict of interest.

It is important to note, the disclosure requires that each Board member is under an obligation to the Foundation, to all board members, staff and to the community served by the Foundation to inform the Foundation of any position he or she holds or of any business or a vocational activity which may result in a possible conflict of interest or bias for or against a grantee, action, or policy, action, or policy is under consideration by the Board of the Foundation. Any opposition or possible conflict of interest on the part of any Board member shall be disclosed to the President of the Foundation Board or the Executive Director and made a matter of record as soon as the issue in question is raised and a possible conflict is known.

Procedures for Addressing the Conflict of Interest

When the Board or staff is to decide upon an issue about which a Foundation Board member who has an unavoidable conflict of interest, that Board member shall physically absent herself or himself without comment from not only the vote, but also from the deliberation, unless directly requested by the President of the Foundation Board or relevant committee to provide information or answer factual questions that may assist the Board or Committee in making a wise decision. In no case, shall that Member vote on such matter or attempt to exert personal influence in connection therewith.

Disclosure and abstaining shall be recorded in the minutes of the meeting(s) at which the issue is discussed and decided.

In any situation not specifically covered by the previous sections of this policy, Board members shall consider carefully any potential conflict of their personal interests with the interests of the Central State University Foundation Board of Trustees and refrain from any action which might be perceived as an actual or apparent conflict of interest.

Duties of the CSU Foundation Board President and the Executive Director

The President of the Foundation Board shall be responsible for the application and interpretation of the Code of Conduct as they relate to Foundation Board members, board committee members, or the Executive Director. The Executive Director shall be responsible for the application and interpretation of the above policies as they relate to members of the Foundation's staff.

Duties of the Foundation Board of Trustees

Each Member has the affirmative responsibility to report to the Foundation Board President in the case of concerns related to Board members. The Executive Director in the case of concerns related to members of the staff and all knowledge of any action or conduct that appears to be contrary to this. Policies on Conflict of Interest and Code of Conduct.

Initial/Annual Disclosure Statement of the Board of Trustees

Each of the undersigned members of the Board of *Trustees* of the Foundation states for himself or herself that he or she:

1. has received a copy of the conflicts of interest policy,
2. has read and understands the policy,
3. has agreed to comply with the policy,
4. understands that the Foundation is a charitable organization and that to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Print Name: _____

Signature: _____ Date: _____

Approved August 26, 2015

