

## THE ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION

### CONFLICT OF INTEREST POLICY

**Section A. Purpose.** The purpose of this Conflict of Interest Policy is to protect the interests of The Alpha Delta State Ohio Educational Foundation (the “Foundation”) when the Foundation is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Administrative Board, an officer, a state organization officer, a chapter member or a member of a committee with powers delegated by the Administrative Board, state or chapter executive board (any such person is referred to in this Conflict of Interest Policy as an “Interested Person”). This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to non-profit and charitable organizations.

**Section B. Conflict of Interest.** A “conflict of interest” may arise when an Interested Person, or a family member of an Interested Person, enters into or proposes to enter into, or has any direct or indirect interest in, or relationship with, any individual or organization which enters into or proposes to enter into, any transaction with the Society, including but not limited to, transactions involving:

- (i) the sale, purchase, lease, rental or other transfer of any property or other asset;
- (ii) employment, or rendition of services, personal or otherwise;
- (iii) the award of contract or subcontract, for example, a construction or vendor contract; or
- (iv) a partnership, joint venture or other similar transaction or arrangement.

**Section C. Direct or Indirect Interest.** A “direct or indirect interest” includes actual or potential:

- (i) ownership or control, directly or indirectly, of the voting interests or securities, or beneficial interests, of an organization or the power to control, directly or indirectly, the election of a majority of an organization’s directors or other governing body;
- (ii) service as a director, officer, manager, executor, administrator, trustee, employee, independent contractor, consultant, volunteer or other similar position; or
- (iii) compensation arrangements, including direct or indirect remuneration and substantial gifts or favors.

**Section D. Family Member.** The term “family member” includes an individual’s spouse, ancestors, children, grandchildren, great grandchildren, siblings (whether or not by adoption) and the spouses of any of the foregoing. **Duty to Self-Disclose.** In connection with any actual or possible conflict of interest, an Interested Person shall disclose to the Administrative Board the existence of such conflict of interest, together with all material facts with respect to such conflict of interest. **Duty to Disclose Conflicts of Others.** If an Interested Person becomes aware of an actual or possible conflict of interest involving another person, such Interested Person shall disclose to a member of the Administrative Board the possible existence of a conflict of interest, together with all known facts as to such conflict of interest. Any such disclosure may be made anonymously in writing. **Determining Whether a Conflict of Interest Exists.**

(i) The Administrative Board, excluding any affected Interested Person, shall evaluate the actual or possible conflict of interest. Such evaluation shall include analysis of material facts as to the relationship or interest and as to the transaction or arrangement and may include obtaining, in writing or by discussion, additional information from the affected Interested Person and/or from the applicable international, state or chapter executive board. The affected Interested Person may make a presentation to the Administrative Board; however, such Interested Person shall be prohibited from providing to the Administrative Board his or her evaluation of the actual or possible conflict of interest and, except for discussion to provide factual information, shall not be present for any discussion by the Administrative Board of, or vote on, the transaction or arrangement involving the actual or possible conflict of interest. The Administrative Board may appoint a committee to evaluate any such actual or possible conflict of interest and such committee shall report its findings to the Administrative Board.

(ii) After completion of the process described in subparagraph (i) above, the Administrative Board shall determine whether the Foundation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity without giving rise to a conflict of interest.

(iii) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Administrative Board shall determine, in good faith and with due care, by a majority vote of the disinterested members of the Administrative Board, whether the transaction or arrangement is in the Society's best interest and whether the transaction is fair and reasonable to the Society.

(iv) If the disinterested members of the Administrative Board determine that the transaction or arrangement is in the Society's best interest and is fair and reasonable to the Society, the disinterested members of the Administrative Board shall vote upon whether to enter into or continue, as applicable, the transaction or arrangement.

**Section H. Discovery of Conflict of Interest; Disciplinary Action.** If the Administrative Board learns or has reasonable cause to believe that an Interested Person has failed to disclose an actual or possible conflict of interest, the Administrative Board shall notify the affected Interested Person in writing of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose. If, after receiving the response of the affected Interested Person and making such further investigation as may be warranted in the circumstances, the Administrative Board determines that such Interested Person has in fact failed to disclose an actual or possible conflict of interest, the Administrative Board shall take appropriate disciplinary and corrective action, which may include, without limitation, termination of such Interested Person's membership in the Foundation. **Records of Proceedings.** The minutes of the Administrative Board and any committee charged with investigation of an actual or possible conflict of interest shall contain:

(iv) the names and titles of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflict of interest, any action taken to determine whether a conflict of interest was present and the Administrative Board's decision as to whether a conflict of interest in fact existed; and

(v) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement and a record of any votes taken in connection with the proceedings.

**Section I. Compensation Matters.**

(i) A voting member of the Administrative Board who receives compensation, directly or indirectly, from the Foundation for services is prohibited from voting on matters pertaining to his or her compensation.

(ii) A voting member of any committee of the Administrative Board whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to his or her compensation.

(iii) No voting member of the Administrative Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Section J. Annual Affirmation.** Each member of the Administrative Board and all international officers, state organization officers, chapter officers and members of committees with powers delegated by the Administrative Board or an international, state or chapter executive board shall sign a statement each year confirming that such person: has received a copy of this Conflict of Interest Policy, as it may be amended from time to time;

(ii) has read and understands the Conflict of Interest Policy;

(iii) has complied and agrees to comply in the future with the Conflict of Interest Policy; and

(iv) understands that the Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more tax-exempt purposes.

**Section K. Periodic Reviews.** To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted by the Administrative Board. The periodic reviews shall, at a minimum, include the following subjects:

(i) Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

(ii) Whether partnerships, joint ventures, services contracts and other similar transactions or arrangements result in the Society operating for the benefit of private interests or inurement of the net earnings of the Foundation to the benefit of any person having a personal and private interest in the activities of the Foundation, in violation of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the regulations promulgated thereunder.

(iii) Whether partnerships, joint ventures, services contracts and other similar transactions or arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Foundation's charitable purposes and do not result in the Foundation operating for the benefit of private interests or inurement as described in subparagraph (b) above.

**Section L. Outside Experts.** In conducting the periodic reviews provided for in Section L, the Foundation may, but need not, use outside experts. If outside experts are used, their use shall not relieve the Administrative Board of its responsibility for ensuring periodic reviews are conducted.

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Name of Responsible Person: \_\_\_\_\_

Date: \_\_\_\_\_

Please describe below any relationships, positions or circumstances in which you are or may foreseeably be involved that you believe could contribute to a Conflict of Interest as defined in the above policy.

*I hereby certify that the information set forth is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Conflict of Interest Policy of Alpha Delta State Ohio Educational Foundation that is currently in effect.*

Signature: \_\_\_\_\_

Date: \_\_\_\_\_