



## Conflict of Interest Policy

### ARTICLE I - PURPOSE

The purpose of the Conflict of Interest Policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or Key Employee (as defined below) of the Foundation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

### ARTICLE II - DEFINITIONS

1. *Related Party* – (a) any director, officer, Key Employee or member of a committee with Board-delegated powers, (b) any Relative or Family (as defined below) of any director, officer, Key Employee or member of a committee with Board-delegated powers, or (c) any entity in which an individual described in (a) or (b) of this definition has a 35% or greater ownership or beneficial interest or, in case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.
2. *Key Employee* – Any person who is in a position to exercise substantial influence over the affairs of the Foundation (e.g., Executive Director), and any other person designated by the Foundation's Board of Directors as a Key Employee for purposes of this policy.
3. *Relative or Family* – An individual's spouse, domestic partner, ancestors, brothers and sisters (full and half-blood), children, grandchildren, great-grandchildren and spouses or domestic partners of brothers and sisters (full and half-blood), children, grandchildren and great-grandchildren.
4. *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.
5. *Financial Interest* - A person has a Financial Interest if the person has, directly or indirectly, through business, investment or Family:

- a. an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement (other than an investment interest of less than 5% in a publicly traded entity), or
- b. a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

6. *Conflict of Interest* – A Conflict of Interest may exist when a Related Party: (a) owes a duty to more than one person or organization, (b) has Financial Interests that are potentially inconsistent with the interests of the Foundation, or (c) has any interest in or engages in a Related Party Transaction.

#### ARTICLE III - PROCEDURES

1. *Duty to Disclose* - In connection with any actual or possible Conflict of Interest and/or any actual or proposed Related Party Transaction, a Related Party must disclose, in good faith, the existence of his or her Financial Interest and all material facts concerning such interest to the directors and members of committees with Board-delegated powers considering the proposed transaction or arrangement.
2. *Determining Whether a Conflict Of Interest Exists* - After disclosure of the Financial Interest and all material facts, and after any discussion with the Related Party, he or she shall leave the Board or committee meeting while the determination of a Conflict of Interest is discussed and voted upon. The remaining Board or committee members shall decide if a Conflict of Interest exists.
3. *Procedures For Addressing The Conflict Of Interest* – at the request of the Board or committee, the Related Party may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the Conflict of Interest. The Related Party is strictly prohibited from attempting to improperly influence the deliberation or voting on the matter giving rise to the conflict.
  - a. If the matter involves a Related Party Transaction the chairperson of the Board or committee shall appoint a disinterested person or committee to investigate alternatives to the Related Party Transaction.
  - b. The Board or committee shall determine whether the Foundation can obtain, with reasonable efforts, a transaction or arrangement more advantageous to

the Foundation from a person or entity that would not give rise to a Related Party Transaction.

- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Related Party Transaction, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

#### 4. *Violations of the Conflict Of Interest Policy*

- a. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible Conflicts of Interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

#### ARTICLE IV - RECORDS OF PROCEEDINGS

The minutes of the Board and all committees with Board-delegated powers shall contain the names of the individuals who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible Conflict of Interest, the nature of the Financial Interest, any action taken to determine whether a Conflict of Interest existed, any alternatives to the proposed transaction or arrangement disclosed, the Board's or committee's decision as to whether a Conflict of Interest in fact existed, whether the proposed transaction or arrangement is in the Foundation's best interests and for its own benefit and fair and reasonable to the Foundation, the names of the individuals who were present for discussions and votes relating to the transaction or arrangement, and a record of any votes taken in connection therewith.

#### ARTICLE V- ANNUAL STATEMENTS

Each director, officer, and member of a committee with Board-delegated powers, upon election or appointment and annually thereafter, shall sign a statement which affirms that such person:

1. has received a copy of the Conflict of Interest Policy,
2. has read and understands the policy,
3. has agreed to comply with the policy,

4. understands that the Foundation is charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and
5. identifies, to the best of such person's knowledge, any entity of which he/she is an officer, director, trustee, member, owner, or employee and with which the Foundation has a relationship, and any transaction in which the Foundation is a participant and in which he/she might have a conflicting interest.

Copies of all statements shall be delivered to and maintained by the Secretary of the Foundation.

#### ARTICLE VI - 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 may be conducted. If conducted, the periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
2. Whether partnership and joint venture 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 inurement or impermissible private benefit.

#### ARTICLE VII - USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for the Article VII, the Corporation may, but need not, use outside advisors. 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.



**Initial/Annual Disclosure Statement  
of the Board of Directors of  
the Hudson Valley Community College Foundation**

Each of the undersigned members of the Board of Directors 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 in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

To the best of my knowledge:

1. I am an officer, director, trustee, member, owner, or employee of the following entities with which the Foundation has a relationship:

2. I may have a conflicting interest with the following transactions in which the Foundation is a participant:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date