

Conflict of Interest Policy and Annual Statement

I. Purpose

The purpose of this Board conflict of interest policy is to protect USC Upstate Foundation's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director 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 nonprofit and charitable organizations.

II. Definitions

A. **Interested Person** -- Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below.

B. **Financial Interest** -- Any person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
2. A compensation arrangement with the Foundation or with any entity or individual with which the Organization has a transaction or arrangement; or
3. 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.

As used above, the term "compensation" shall include direct or indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists, in accordance with this policy.

III. Procedures

A. **Duty to Disclose** -- In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to Board or Executive Committee.

B. Recusal of Self -- Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she may have a conflict of interest, without going through the formal process for determining whether a conflict of interest exists.

C. Determining Whether a Conflict of Interest Exists -- After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the Board or committee meeting or while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.

D. Procedures for Addressing the Conflict of Interest –

1. An interested person may make a presentation at the Board meeting but will be recused from the meeting before any discussion of, and the vote upon, the transaction or arrangement involving the possible conflict of interest.

2. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

3. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing 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, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

E. Violations of the Conflict-of-Interest Policy

1. If the Board or committee has reasonable cause to believe 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.

2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

IV. Records of Proceedings

The minutes of the Board and all committees with delegated powers shall contain:

- A. The names of the persons 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 was present, and the governing boards or committee's decision as to whether a conflict of interest in fact existed.
- B. The names of persons who were present for discussion 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.

V. Annual Statements

- A. Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms 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; and
 - 4. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- B. Each voting member of the Board shall annually sign a statement which declares whether there is a conflict of interest.
- C. If at any time during the year the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
- D. The Board or Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking other such actions as are necessary for effective oversight.

VI. Periodic Review

To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

B. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in excess benefit transaction.

VII. Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**USC UPSTATE FOUNDATIONS
CONFLICT OF INTEREST DISCLOSURE STATEMENT**

Name of Interested Person: (please print) _____

Board of Directors: ___Yes ___No

Officer: ___Yes ___No If yes, which Officer position: _____

Committee member: ___Yes ___No. If yes, committee name: _____

Note: A potential or actual conflict of interest exists when commitments and obligations are likely to be compromised by the Interested Person's other material interests, or relationships (especially economic), particularly if those interests or commitments are not disclosed.

The Interested Person should also disclose any personal or business, affiliations that may give rise to a real or apparent conflict of interest.

1: Are you considered an interested person as defined in the USC Upstate Foundation's Conflict of Interest policy? ___Yes ___No

2: Do you have a financial interest (current or potential) as defined in the USC Upstate Foundation's Conflict of Interest policy? ___Yes ___No

If your answer to any of the questions above is yes, please provide additional detail information in the space below:

I HEREBY CONFIRM that I have read and understand the Foundation's conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the appropriate person designated within the Foundation's conflict of interest policy immediately.

Confidentiality Statement

I acknowledge that, as Interested Person of Foundation, I have access to confidential information belonging to the Foundation that is not available to the general public, including but not limited to personal and financial information. I further acknowledge that the Foundation at all times is and will remain the owner of the confidential information and, as part of my duty of loyalty to the Foundation, I agree to preserve the confidentiality of all such confidential information and to use such confidential information only for legitimate Foundation business purposes consistent with the manner in which the Foundation uses and protects such confidential information.

I certify that I have not used, and will not use, the confidential information for my own or any affiliated person's benefit and that I have not disclosed, and will not disclose, the confidential information to any third party, including other charitable organizations, except for legitimate Foundation business purposes, or as otherwise required by law, without the prior consent of the Foundation.

Signature _____ Date _____