

CONFLICT OF INTEREST POLICY

Article I Purpose

The purpose of the conflict of interest policy is to protect the College of Southern Maryland Foundation's (the "Foundation") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a 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.

Article II Definitions

1. Conflict of Interest

Definitions: Conflict of Interest (also Conflict) means a difference of benefit, or the appearance of difference of benefit, between the private interests and official responsibilities of a person in a position of trust. Persons in a position of trust include staff members, officers, and directors of the CSM Foundation. Board of Directors (also Board) means the board of directors. Director(s) means an individual member of the Board of Directors. Staff Member(s) means a person who received all or part of his/her income from the payroll of the College of Southern Maryland or the CSM Foundation.

2. Interested Person

Any director of a board or committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

3. 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,
- 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 not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Article III Procedures

1. 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 the entire CSM Foundation Board or to the Foundation Executive Committee 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 interested person, he/she shall leave the board or committee meeting if requested to do so 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

- a. An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting if requested to do so during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the board or committee shall, if appropriate and at his discretion, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the transaction or arrangement is reasonable and priced at fair market value. Provided, however, that in no event shall a director with a conflict of interest vote on the matter.

4. Violations of the Conflict of Interest Policy

- a. If the board or committee has reasonable cause to believe a director has failed to disclose actual or possible conflicts of interest, it shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the director's response and after making further investigation as warranted by the circumstances, the board or committee determines the director has 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:

- 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 boards or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement and a record of any votes taken in connection with the proceedings.

Article V Compensation

- a. A voting director of the board who receives compensation, directly or indirectly, from the Foundation for services or for any other matter is precluded from voting on matters pertaining to that director's compensation.
- b. A voting director of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services or for any other matter is precluded from voting on matters pertaining to that director's compensation.
- c. No voting director member of the 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.

Article VI Annual Statements

Each director with the board delegated powers shall annually sign a statement which affirms such persons: (a) has received a copy of the conflict of interest policy; (b) has read and understands the policy; (c) has agreed to comply with the policy; and (d) understands the Foundation 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.

Article VII Periodic Reviews

To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could 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 do not exceed fair market value.
- 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 an excess benefit transaction., impermissible private benefit or in an excess benefit transaction.

Article VIII
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 board of its responsibility for ensuring periodic reviews are conducted.

College of Southern Maryland Foundation

**POLICY STATEMENT ON FULL DISCLOSURE OF
POTENTIAL CONFLICTS OF INTEREST**

Whereas, the CSM Foundation Board of Directors have a public responsibility to the College of Southern Maryland, its employees, its student body and its progress, and to the not-for-profit corporation we serve, AND WHEREAS, no member is to seek personal gain by serving on the CSM Foundation Board of Directors.

Therefore, it is appropriate that each member make a statement of full disclosure of any potential business or professional relationships with the CSM Foundation whether personal or by association, if that relationship might be deemed a conflict of interest.

Areas of possible conflict of interest:

Print Name: _____

Signed: _____

Date: _____

Approved October 21, 2009
Reaffirmed July 21, 2010
Reaffirmed July 18, 2012
Reaffirmed July 17, 2013
Reaffirmed July 16, 2014
Reaffirmed July 15, 2015
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