



SUBJECT: Conflicts of Interest Policy Responsible Authority: Director of Finance, FAU Foundation, Inc. Scope: To protect the Foundation’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person of the Foundation	Effective Date: 9/14/2009	Policy Number: 4
	Supersedes:	Page Of 1 8

This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

PURPOSE

The purpose of the conflicts 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 interested person 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.

POLICY

I. DEFINITION OF TERMS

Interested Person

Any director, principal officer, member of a committee with broad delegated powers, administrator or faculty member who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity related to the Foundation, he or she is an interested person with respect to the Foundation.

Financial Interest

A 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 Foundation 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.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. As provided below, a person who has a financial interest may have a conflict of interest only if the appropriate body for this purpose determines that a conflict of interest exists.

II. DUTY TO DISCLOSE

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all related material facts on a disclosure statement that must be updated annually. Any conflicts must be presented to the directors and members of committees with board delegated powers to consider the proposed transaction or arrangement.

III. DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS

After disclosure of the financial interest and all related material facts, and after any discussion with the interested person, the interested person shall leave the board or committee meeting while the determination of such conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

IV. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST

1. An interested person may make a presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement that results in the 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 board or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a conflict of interest, 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.

V. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

1. 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.
2. 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.

VI. RECORDS OF PROCEEDINGS

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

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1. 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 board or committee's decision as to whether a conflict of interest in fact existed, and
2. 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 or any votes taken in connection therewith.

VII. COMPENSATION MATTERS

A voting member of any committee 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 that member's compensation. A person related to such member is also precluded from voting on that member's compensation.

VIII. ANNUAL STATEMENTS

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person:

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, and
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.

IX. 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. 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; and
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 increment or impermissible private benefit.

X. USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for the above, 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 that periodic reviews are conducted.

XI. DE MINIMIS

Due to the environment where the investment portfolio for the Foundation is so vast, nothing in this policy shall be deemed to require an owner of less than one percent (1%) of the common

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stock of a publicly traded corporation during the preceding five (5) years to make disclosure if such corporation is involved in a transaction with the Foundation.

***Enclosed is the Annual Statement which should be filled by each director, principal officer and member of a committee with board delegated powers. An additional form is enclosed which will need to be signed and updated for conflicts that arise during the year.**

FAU Foundation

Initiating Authority:

Interim CEO

Signature: _____ Date: _____

Name: David Kian

Chairman

Signature: _____ Date: _____

Name: Patricia McKay

CFO

Signature: _____ Date: _____

Name: Sharon Brown

**ANNUAL ACKNOWLEDGEMENT AND DISCLOSURE FORM
FOR CONFLICTS OF INTEREST POLICY**

Board Member Name: _____

Date: _____

I hereby acknowledge that I have received a copy of FAU Foundation's Conflicts of Interest Policy and have read and understand same. I also understand that the Foundation must comply with this policy in order to maintain its tax-exempt status.

I hereby further acknowledge and agree to comply with all provisions of the Foundation's Conflicts of Interest Policy and understand that this policy applies to me and all committees with board-delegated powers.

1. Are you an officer or director of any corporation with which the FAU Foundation conducts business or with which you reasonably believe the FAU Foundation will conduct business within the next twelve (12) months?

YES _____ NO _____

If the answer to the foregoing question is "YES", please list the names of such corporations, the office held, and the "approximate" dollar amount of business involved with FAU Foundation during the past 12 months.

2. Do you, or does any member of your family, have a financial interest in, or receive any remuneration or income from, any business organization with which the FAU Foundation conducts business or with which you reasonably believe the FAU Foundation will conduct business within the next twelve (12) months.?

YES _____ NO _____

If the answer to the foregoing is "YES", please supply the following information:

- A. Names of the business organizations in which such interest is held and the person(s) by whom such interest is held;
- B. Nature and amount of each financial interest, remuneration or income.

**ANNUAL ACKNOWLEDGEMENT AND DISCLOSURE FORM
FOR CONFLICTS OF INTEREST POLICY**

3. Did you, or any member of your family receive, in the past twelve months, any gifts or loans from any source with which FAU Foundation conducts significant business or with which you reasonably believe the FAU Foundation will conduct significant business?

YES _____ NO _____

If the answer to the foregoing is "YES", list such gifts or loans as follows:

<u>Name of Source</u>	<u>Item</u>	<u>Approximate Value</u>
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4. Do you conduct business with any other member of the Florida Atlantic University Foundation Board? (list of current members attached)

5. Are you related to any other member of the Florida Atlantic University Foundation Board (parent, sibling, spouse, children, grandchildren)

6. Are you, your business, or any member of your family;

A. an employee of a vendor or of an entity that you reasonably believe will become a vendor, to Florida Atlantic University or to any of its direct support organization's (FAUF, HBOIF, Research Foundation)?

YES ____ NO _____

B. a volunteer or employees to Florida Atlantic University or any of its direct support organizations?

YES ____ NO _____

If the answer to the foregoing is "YES", list the employment or volunteer capacity and briefly explain your duties:

7. The following are other matters not listed in one of the categories above, but which in the interest of avoiding either actual impropriety or the appearance of impropriety, I feel it appropriate to disclose.

Neither I, nor members of my immediate family, have any relationship or engage in any activities of which I am aware, that may place me in a position of having a conflict of interest with FAU Foundation except as detailed herein. I hereby agree to report promptly to the Board of Trustees of the FAU Foundation any interest situation of which I may become aware, subsequent to the date of the Disclosure Statement.

Printed Name

Signature

Date

**ACKNOWLEDGEMENT AND DISCLOSURE FORM
FOR CONFLICTS OF INTEREST POLICY
THAT ARISE DURING THE YEAR**

Please note that this form should only be used as an update for conflicts that arise during the year

Board Member Name: _____

Date: _____

I hereby acknowledge that I have received a copy of FAU Foundation's Conflicts of Interest Policy and have read and understand same. I also understand that the Foundation must comply with this policy in order to maintain its tax-exempt status.

I hereby further acknowledge and agree to comply with all provisions of the Foundation's Conflicts of Interest Policy and understand that this policy applies to me and all committees with board-delegated powers.

1. Are you an officer or director of any corporation with which the FAU Foundation conducts business or with which you reasonably believe the FAU Foundation will conduct business within the next twelve (12) months?

YES _____ NO _____

If the answer to the foregoing question is "YES", please list the names of such corporations, the office held, and the "approximate" dollar amount of business involved with FAU Foundation during the past 12 months.

2. Do you, or does any member of your family, have a financial interest in, or receive any remuneration or income from, any business organization with which the FAU Foundation conducts business or with which you reasonably believe the FAU Foundation will conduct business within the next twelve (12) months.

YES _____ NO _____

If the answer to the foregoing is "YES", please supply the following information:

C. Names of the business organizations in which such interest is held and the person(s) by whom such interest is held;

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D. Nature and amount of each financial interest, remuneration or income.

**ACKNOWLEDGEMENT AND DISCLOSURE FORM
FOR CONFLICTS OF INTEREST POLICY
THAT ARISE DURING THE YEAR**

Please note that this form should only be used as an update for conflicts that arise during the year

3. Did you, or any member of your family receive, in the past twelve months, any gifts or loans from any source with which FAU Foundation conducts significant business or with which you reasonably believe the FAU Foundation will conduct significant business?

YES _____ NO _____

If the answer to the foregoing is "YES", list such gifts or loans as follows:

<u>Name of Source</u>	<u>Item</u>	<u>Approximate Value</u>
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4. Are you, your business, or any member of your family?

A. an employee of a vendor or of an entity that you reasonably believe will become a vendor, to Florida Atlantic University or to any of its direct support organization's (FAUF, HBOIF, and Research Foundation)?

YES _____ NO _____

If the answer to the foregoing is "YES", list the employment or volunteer capacity and briefly explain your duties:

5. The following are other matters not listed in one of the categories above, but which in the interest of avoiding either actual impropriety or the appearance of impropriety, I feel it appropriate to disclose.

Printed Name

Signature

Date