

Eastern Nazarene College Conflict of Interest Policy

Intent:

The purpose of the conflict of interest policy is to protect Eastern Nazarene College's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, employee, or student of the College 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.

Policy:

Definitions:

1. Interested Person

Any trustee, principal officer, employee, student employee, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. 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 Eastern Nazarene College has a transaction or arrangement,
- b.** A compensation arrangement with Eastern Nazarene College or with any entity or individual with which Eastern Nazarene College has a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Eastern Nazarene College 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. As stated in Procedure, Number 2, a person who has a financial interest may have a conflict of interest only if the appropriate Conflict of Interest Committee decides that a conflict of interest exists.

Procedure:

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 members of the Conflict of Interest 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 committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining 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 Conflict of Interest Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

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

c. After exercising due diligence, the Conflict of Interest Committee shall determine whether Eastern Nazarene College 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.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Conflict of Interest Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in Eastern Nazarene College'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.

4. Violations of the Conflicts of Interest Policy

a. If the Conflict of Interest 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.

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

Record of Proceedings

The minutes of the Conflict of Interest Committees 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 board's 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, 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.

Compensation

- a. A voting member of the Conflict of Interest Committee who receives compensation, directly or indirectly, from Eastern Nazarene College for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Eastern Nazarene College for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Eastern Nazarene College, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Questionnaire:

To ensure Eastern Nazarene College 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 the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to Eastern Nazarene College written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefit or in an excess benefit transaction.

History:

Approved by the President's Cabinet March 24, 2009

Approved by the Board of Trustees March 28, 2009