



## CONFLICT OF INTEREST POLICY

### PURPOSE

The Montana State University Foundation, Inc. (hereafter "Foundation") is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the Foundation as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between the Foundation and its board, officers, employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The board, officers, and employees have the responsibility of administering the affairs of the Foundation honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Foundation. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Foundation or knowledge gained therefrom for their personal benefit. The interests of the Foundation must be the first priority in all decisions and actions.

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.

### Persons Concerned

This statement is directed not only to directors and officers, but to all employees who can influence the actions of the Foundation. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning the Foundation.

### Areas in Which Conflict May Arise

Conflicts of interest may arise in the relations of directors, officers, and employees with any third parties including but not limited to the following:

1. Persons and firms supplying goods and services to the Foundation.
2. Persons and firms from whom the Foundation leases property and equipment.
3. Persons and firms with whom the Foundation is dealing or planning to deal in connection with a gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.

5. Donors and others supporting the Foundation.
6. Agencies, organizations, and associations which affect the operations of the Foundation.
7. Family members, friends, and other employees.

#### Nature of Conflicting Interest

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with the Foundation.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the Foundation.
3. Receiving remuneration for services with respect to individual transactions involving the Foundation.
4. Using the Foundation's time, personnel, equipment, supplies, or good will for other than Foundation-approved activities, programs, and purposes.

### **POLICY**

#### Gift Policy and Disclosure

Directors, officers and employees must decline to accept certain gifts, consideration or remuneration from individuals, companies or their competitors that seek to do business with the Foundation.

1. "Responsible Person" is any person serving as an officer, employee or a member of the board of directors of the Foundation.
2. "Family Member" is a spouse or domestic partner; parent, grandparent, great grandparent, child, grandchild, great-grandchild, brother, sister, aunt, uncle, niece, nephew, or cousin; or brother, sister, parent or child of spouse or domestic partner of a Responsible Person; or any individual the Responsible Person is legally obligated to support.
3. "Contract" or "Transaction" is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to the Foundation is not a "contract" or "transaction."
4. Except as approved by the Chairman of the Board or his/her designee, or for gifts of a value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, gratuities, entertainment or other favors from any person or entity which:
  - a. Does or seeks to do business with the Foundation, or
  - b. Does or seeks to compete with the Foundation or,
  - c. Has received, is receiving, or is seeking to receive a Contract or Transaction with the Foundation.

### Interpretation of this Statement of Policy

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive or all inclusive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, and employees will recognize areas and relationships not specifically included in this policy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the Foundation.

However, it is the policy of the board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, officers, and employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

## **PROCEDURES**

### Disclosure Policy and Procedure

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists if appropriate; and
4. The board of directors or the executive committee thereof has determined that the transaction is in the best interest of the Foundation.

Disclosure in the Foundation should be made to the chief executive officer (or if she or he is the one with the conflict, then to the board chair), who shall bring the matter to the attention of the executive committee of the board. Disclosure involving directors should be made to the board chair, (or if she or he is the one with the conflict, then to the board vice-chair) who shall bring these matters to the board of directors.

The board of directors or the executive committee thereof shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Foundation. The decision of the board of directors or the executive committee thereof on these matters will rest in their sole discretion, and their concern must be the welfare of the Foundation and the advancement of its purpose.