

## CONFLICT OF INTEREST

Adopted by the AAUW Board of Directors June 1991; revised July 2006, July 2009, July 2011, June 2019

Note: In all AAUW policies, the term "AAUW" refers to the nationwide organization.

### Article I - Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of The American Association of University Women ("AAUW") when it is contemplating entering into a transaction or arrangement, or pursuing an activity, that might benefit the private interest of an officer, director, or managerial employee of AAUW. This Conflict of Interest Policy is based on standard template language recommended by the Internal Revenue Service.

This Conflict of Interest Policy provides guidelines for identifying conflicts, disclosing conflicts, and procedures to manage conflicts of interest and situations that may result in the appearance of a conflict. This Conflict of Interest Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interests applicable to nonprofit, 501(c)(3) organizations.

### Article II – Definitions

1. Interested Person. Any member, officer, director, member of a committee with powers delegated by the Board of Directors, or managerial employee, 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 AAUW has a transaction or arrangement,
- (b) A compensation arrangement with AAUW or with any entity or individual with which AAUW has a transaction or arrangement,
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which AAUW 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 AAUW Board of Directors 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 one or more directors. Such disclosure must be provided as soon as reasonably possible prior to further consideration or contemplation of entering into any activity, transaction or arrangement that represents a possible conflict of interest. Advance disclosure must occur so that the board may determine whether a conflict of interest exists (pursuant to Article III, Section 2) and, if appropriate, determine a plan of action to manage the conflict.

2. Determining Whether a Conflict of Interest Exists. If an interested person discloses the existence of a financial interest during a meeting, he/she shall leave the board meeting while the determination of a conflict of interest is discussed and voted upon after disclosure of the

financial interest and all material facts, and after any discussion with the interested person. The remaining board members shall decide if a conflict of interest exists. If an interested person discloses the existence of a financial interest to one or more directors outside of a board meeting, he/she shall provide additional information as requested to the directors. The board shall discuss and determine whether a conflict of interest exists at the next board meeting.

### 3. Procedures for Addressing the Conflict of Interest.

- (a) An interested person may make a presentation at the board 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 board chair shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the board shall determine whether AAUW 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 board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interest of AAUW, 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 board has reasonable cause to believe a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the person's response and after making further investigation as warranted by the circumstances, the board determines the person 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 fact that a potential conflict was identified, managed, avoided, and/or resolved will be documented in the minutes of any meeting or communication regarding the matter. The minutes of the meeting or other communications shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the board'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, activity, or arrangement, the content of the discussion, including any alternatives to the proposed transaction, activity, or arrangement, and a record of any votes taken in connection with the proceedings.

### **Article V – Compensation**

- (a) A voting member of the board who receives compensation, directly or indirectly, from AAUW 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 AAUW for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from AAUW, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

(d) In accordance with section 53.4958-6 of the Treasury Regulations (or any successor thereto), prior to approving any compensation to any interested person, the disinterested members of the board shall examine compensation paid by at least three (3) comparable organizations in the same or similar communities for similar services for purposes of determining whether such compensation is fair and reasonable. The basis for any such determination shall be documented in the minutes of any meeting or communication regarding the matter.

#### **Article VI – Annual Statements and Compliance**

Each director, officer, member of a committee with governing board delegated powers, and managerial employee shall annually sign the attached Annual Conflict of Interest Disclosure Statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands that AAUW must engage primarily in activities that accomplish one or more of its tax-exempt purposes in order to maintain its federal tax exemption.

The Chief Executive Officer shall also serve as the Compliance Officer. It is the duty of all board members and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict and to disclose those situations/conflicts/or potential conflicts to (i) the employee's supervisor; (ii) the Compliance Officer; (iii) another board member; or (iv) another designated person, as appropriate.

#### **Article VII - Periodic Reviews**

To ensure that AAUW operates in a manner consistent with its 501(c)(3) purposes and does not engage in activities that could jeopardize its 501(c)(3) 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 AAUW's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further 501(c)(3) purposes and do not result in inurement, 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, AAUW 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.

## AAUW CONFLICT OF INTEREST DISCLOSURE STATEMENT

Name and Title (please print): \_\_\_\_\_

Name

\_\_\_\_\_

Title

**General Directions:**

*Your "related parties" and persons "related" to you include your spouse, parents, grandparents, great grandparents, siblings, children, grandchildren, great-grandchildren, and any spouses of siblings, children, grandchildren, or great-grandchildren. A legally adopted child of a person is treated like that person's child by birth.*

*Your "related parties" and persons "related" to you also include companies or businesses in which you (or one of your relatives described above) hold a direct or indirect ownership or beneficial interest. If additional space is needed, please attach supplemental pages.*

**Disclosures:**

Pursuant to AAUW's Conflict of Interest Policy, I hereby state that the following is a true and complete disclosure with respect to each of the matters addressed:

1. During the past year, have you or a related party have had any direct or indirect business transactions or involvements with the Corporation, or any of its officers, directors or employees? If "yes," please describe.

2. During the coming year, do you or a related party contemplate having any direct or indirect business transactions or involvements with the AAUW or any of its officers, directors or employees? If "yes," please describe.

## AAUW CONFLICT OF INTEREST DISCLOSURE STATEMENT (continued)

3. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by the AAUW's Board of Directors, or a duly constituted committee thereof, in accordance with the terms and intent of the AAUW's Conflict of Interest Policy?

I have received, read, and understand the AAUW's Conflict of Interest Policy, and agree to comply with its terms. I understand that the AAUW is a tax-exempt 501(c)(3) organization, and that in order to maintain its federal 501(c)(3) status, the AAUW must engage primarily in activities that accomplish one or more of its 501(c)(3) purposes, and must comply with certain rules and restrictions as a matter of federal and state law and good governance.

I further understand that this disclosure statement will be provided to the AAUW's Chief Executive Officer (and may be circulated to the AAUW's entire Board of Directors), and that I must update this disclosure statement throughout the year, as necessary.

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Signature

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Date