



Conflict of Interest Policy

1. Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of the University of Montana Foundation ("Foundation") when the Foundation or the University of Montana Foundation Board ("Board") is contemplating decisions relating to transactions, arrangements or other matters that might benefit the private interests of a Trustee or key employee. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

2. Policy

A. Trustees and key employees are expected:

- i. to avoid apparent, actual, and potential conflicts between their personal interests or other significant business interests and the interests of the Foundation;
- ii. to disclose any personal interest or other significant business interest that may conflict with the interests of the Foundation;
- iii. to refrain from voting or otherwise influencing a decision of the Board or Foundation on any matter in which such a conflict exists;
- iv. to avoid the misuse of nonpublic information, acquired as a Trustee or key employee, for personal gain or for the benefit of any other entity or person; and
- v. to refrain from soliciting or accepting gifts, loans, entertainment or other favors from individuals or entities that are intended to influence or could influence a Trustee or key employee in the performance of his or her duties.

B. A conflict of interest arises when a person in a position of authority over an organization, such as a Trustee or key employee, can benefit financially from a decision they could make in such capacity, including indirect benefits to Trustee or key employee family members or businesses with which the Trustee or key employee is closely associated. Circumstances that create conflicts of interest include, but are not limited to, the following:

- i. A Trustee, a Trustee's family member, a key employee, or a key employee's family member is an owner, has a financial interest, a compensation arrangement, or other business relationship with an organization that the Foundation contracts with or is negotiating a contract with for goods or services.
- ii. A Trustee, a Trustee's family member, a key employee, or a key employee's family member has a material financial interest in a transaction between the Foundation and an entity in which the Trustee, Trustee's family member, key employee, or key employee's family member is a trustee, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, or other legal representative.
- iii. A Trustee, a Trustee's family member, a key employee, or a key employee's family member is engaged in some capacity or has a material financial interest in a business or enterprise that competes, potentially may compete, or may have an adversarial interest with the Foundation. This may include a material interest in a not-for-profit organization.

C. Duty to Disclose

It is the responsibility of each Trustee and key employee to regularly analyze their employment, investment, ownership, volunteer, and other interests as well as those of their family members and periodically disclose any apparent, actual, and potential conflicts of interest. In connection with any conflict of interest, Trustees or key employees must disclose the existence, nature, and timeframe of the conflict of interest and all material facts to the Board.

D. Annual Review of Conflicts of Interest

To ensure the Board and Foundation operate in a manner consistent with its purposes and does not engage in activities that could jeopardize public trust or the Foundation's status as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, the Governance Committee or Subcommittee responsible for oversight of conflicts of interest shall undertake an annual review of all known apparent, actual, and potential conflicts of interest and as well as any Foundation transactions with a Trustee, Trustee's family member, key employee, or key employee's family member.

3. Definitions

A. Actual Conflict of Interest: a conflict of interest that exists at the present time.

B. Apparent Conflict of Interest: a matter that could be perceived as a conflict of interest by a reasonable observer.

C. Business Relationship: IRS Form 900 instructions define business relationship as any of the following types of relationships between a Trustee or key employee and another Trustee or key employee:

- i. A Trustee or key employee is employed by another Trustee or key employee in a sole proprietorship or by an organization with which another Trustee or key employee is associated as a trustee, director, officer, or greater-than-35% owner, even if that organization is tax exempt. A key employee's employment by the Foundation is not applicable.
- ii. A Trustee or key employee is transacting business with another Trustee or key employee (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the Trustee or key employee is associated as a trustee, director, officer, or greater-than-35% owner. Such transactions don't include charitable contributions to tax-exempt organizations.
- iii. A Trustee or key employee and another Trustee or key employee are each a director, trustee, officer, or greater-than-10% owner in the same business or investment entity (but not in the same tax-exempt organization). Ownership is measured by stock ownership (either voting power or value, whichever is greater) of a corporation, profits or capital interest in a partnership or an LLC (whichever is greater), membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

- D. Contract: any verbal, written, or de facto agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship or the exercise of control over another organization. For purposes of this policy, the making of a gift to the Foundation is not a contract.
- E. Family Member: IRS Form 900 instructions define family member as a spouse, ancestors, children, grandchildren, and great-grandchildren, and the spouses of children, grandchildren, and great-grandchildren.
- F. Key Employee: IRS Form 900 instructions define key employees as employees for whom both of the following are true:
 - i. The employee manages a discrete segment or activity of the organization that represents 10 percent or more of the organization's assets, income, activities or expenses, or has the authority to control or determine 10 percent or more of the organization's capital expenditures, operating budget or employee compensation.
 - ii. The employee's reportable compensation from the Foundation during a tax year exceeds \$150,000.
- G. Material Financial Interest: a financial interest in a transaction that would reasonably be expected to impair the objectivity of an interested person's judgement when participating in action on the authorization of the transaction.
- H. Potential Conflict of Interest: a conflict of interest that could reasonably be foreseen to happen in the future.
- I. Trustee: For purposes of this policy, Trustees refers to voting members of the University of Montana Foundation Board.

4. Cross References

- A. Conflict of Interest Procedure

5. Document Approvals (see footnotes)

6. Revision History

Effective Date	Revision Letter	Document Author	Description of Change