

Major Hospital Foundation

Conflict of Interest Policy for Board Members and Foundation Managers

The Major Hospital Foundation is a charitable organization whose board members and foundation managers are chosen to serve the public purposes to which it is dedicated. These persons have a duty to conduct the affairs of the Foundation in a manner consistent with such purposes and not to advance their personal interests. This conflict of interest policy is intended to permit the Foundation and its board members and foundation managers to identify, evaluate, and address any real, potential, or apparent conflicts of interest that might, in fact or in appearance, call into question their duty of undivided loyalty to the Foundation.

DEFINITIONS:

- A. Conflict of Interest—Competing personal and professional interests, whereby personal interests may be in conflict with professional roles and responsibilities.
- B. Personal Interest—Motivated by personal gain, which may involve financial interests, personal relationships or activities outside of work.
- C. Financial Interest—Driven by the potential for personal financial gain. Financial interests may include stocks, bonds, securities and other investments in which an individual, or someone with whom they have a personal relationship, has a financial stake.
- D. Personal Relationship—Any relationship other than a professional one. Personal relationships have the potential to impact professional objectivity. Examples are the relationship you have with a spouse, relative, friend, romance partner, someone who lives in your household or with whom you have a financial connection.
- E. Business relationship—Two people have a business relationship when, for example, they transact business, directly or indirectly, in a contract of sale, lease, license, loan or performance of services during the tax year. In addition, the transaction must involve the transfer of cash or property having a value greater than \$10,000 and is not in the ordinary course of either party's business and on the same terms as offered to the public. A privileged relationship, on the other hand—such as that between and attorney and client, a doctor and patient, or a clergyman and penitent—is not considered a business relationship.
- F. Outside Activities—Engaging in activities outside work that appear to be in conflict with professional roles. Examples include serving on the board of a competitor, working for a competitor or having a financial interest (ownership or investment) in a competitor.
- G. Governing body—The group of persons authorized under state law to exercise ultimate control of the organization, e.g., the board of directors of a corporation. A member of a governing body is independent if neither he or family is:

- a. not compensated as an officer or an employee of the filing organization or a related organization;
- b. not compensated more than \$10,000 for services provided as an independent contractor to filing or a related organization;
- c. not involved in a transaction with an organization that should be reported on Schedule L (loan, grant, business credit, etc.).

1. Covered Persons

This policy applies to the Foundation's board members foundation managers, and the foundation's governing body. Each Covered Person shall be required to acknowledge, not less than annually, that he or she has read and is in compliance with the policy.

2. Covered Transactions

This policy applies to transactions between the Foundation and a Covered Person, or between the Foundation and another party with which a Covered Person has a significant or business relationship. A Covered Person is considered to have a significant relationship with another party if

- a) the other party is a family member, including a spouse, parent, sibling, child, stepchild, grandparent, grandchild, great-grandchild, in-law, or domestic partner.
- b) the other party is an entity in which the Covered Person has a material financial interest. This includes entities in which the Covered Person and all individuals or entities having significant relationships with the Covered Person own, in the aggregate, more than 10 percent; or
- c) the Covered Person is an officer, director, trustee, partner, or employee of the other party.

A Covered Transaction also includes any other transaction, business or otherwise, in which there may be an actual or perceived conflict of interest, including any transaction in which the interests of a Covered Person may be seen as competing or at odds with interests of the Foundation.

3. Disclosure, Refrain from Influence, and Recusal

When a Covered Person becomes aware of a proposed Covered Transaction, he or she has a duty to take the following actions:

- a) immediately disclose the existence and circumstances of such Covered Transaction to the Foundation's board in writing.
- b) refrain from using his or her personal influence to encourage the Foundation to enter into the Covered Transaction

- c) physically excuse himself or herself from any discussions regarding the Covered Transaction except to answer questions, including board discussions and decisions on the subject.

In order to assist the Foundation in identifying potential Covered Transactions, each Covered Person annually shall complete a Conflict-of-Interest Questionnaire provided by the Foundation, and shall update such Questionnaire as necessary to reflect changes during the course of the year. Completed Questionnaires shall be available for inspection by any board member, and may be reviewed by the Foundation's legal counsel.

4. Standard for Approval of Covered Transactions

The Foundation may enter into a Covered Transaction where a) such Transaction does not constitute an act of self-dealing, and b) the board determines, acting without the participation or influence of the Covered Person and based on comparable market data, that such transaction is fair and reasonable to the Foundation. The board shall document the basis for this determination in the minutes of the meeting at which the Covered Transaction is considered, and shall consult with the Foundation's legal advisor as necessary to ensure that the Transaction does not consist of an act of self dealing.

5. Administration of Policy

This policy shall be administered by the board, which shall be responsible for the following:

- a) reviewing reports regarding Conflict-of-Interest Questionnaires
- b) receiving disclosures of proposed Covered Transactions
- c) reviewing proposed Covered Transactions to determine whether they meet the above-described standard
- d) maintaining minutes and such other documentation as may be necessary and appropriate to document its review of Covered Transactions
- e) reviewing the operation of this policy and making changes from time to time as it may deem appropriate

