

# POLICY ON CONFLICT OF INTEREST

*Adopted February 26, 2015*

## **Introduction**

In fulfilling its mandate to serve podiatric medical education and consistent with its charitable purpose as a tax-exempt organization, The Podiatry Foundation is committed to the highest professional and ethical standards. This Conflict of Interest policy, established to provide guidance related to actual or perceived conflicts of interest, represents one manifestation of this commitment. At the heart of this policy, the Foundation recognizes the value of having board members and employees with knowledge of and direct engagement with other exempt organizations and management of investment funds. It is therefore anticipated that the Foundation's board and employees may have relationships with other nonprofit organizations, including both grantseekers and Foundation grant recipients. At the same time, the Foundation must maintain fairness and integrity in its decision-making processes. This policy provides general guidelines on how to handle situations that involve, or appear to involve, conflicts of interest.

## **Policy Statement**

It is the policy of The Podiatry Foundation that any actual, potential, or perceived conflicts of interest be fully disclosed before a proposed decision is made or a proposed transaction is completed. Such conflicts are to be reported to the Executive Director (if related to employees) or to the Chair of the Board of Trustees (if related to the Executive Director or to any board members) or to the Chair of the Audit Committee (if related to the Chair of the Board). The Podiatry Foundation will strive to avoid including as board members any individuals whose other relationships are with organizations that may be frequent recipients of grants from the Podiatry Foundation. This will facilitate the avoidance of conflicts of interest. No board member or employee with an actual, potential, or perceived conflict of interest shall vote on or otherwise take part in any decision of the Foundation that directly or indirectly benefits such person or a member of such person's family, as defined below. Moreover, the Board of Trustees shall not approve, and the Foundation shall not participate in, any self-dealing transaction prohibited by law.

## **General Procedures**

### **Definitions**

A **conflict of interest** with respect to a proposed Foundation transaction or grant may exist if a board member or employee of the Foundation: (a) is in a position to make or influence the Foundation's decisions about whether and how to proceed with the proposed transaction or grant; and (b) has an affiliation, or a family member with an affiliation, as described below, with any other party to a business transaction or with the potential beneficiary of a grant.

An **affiliation** includes, but is not limited to, serving as a board member, employee, or consultant to a current or potential grantee, service provider or vendor, or otherwise doing business with said grantee, service provider or vendor.

A **family member** is defined as spouses, domestic partners or significant others; ancestors; children; grandchildren; great-grandchildren; and the spouses, domestic partners or significant others of the children, grandchildren and great-grandchildren.

## **Disclosure**

It is the policy of The Podiatry Foundation that any actual, potential or perceived conflicts of interest be fully disclosed before a proposed decision is made or a proposed transaction or grant is completed. Such conflicts are to be reported to the Executive Director (if related to employees) or to the Chair of the Board of Trustees (if related to the Executive Director or to any board members) or to the Executive Director (if related to the Chair of the Board). Doubts about whether a relationship warrants disclosure under this policy should always be resolved in favor of disclosure.

Upon appointment, and annually thereafter, board members and employees must complete a disclosure form, Appendix A. The disclosure form covers ongoing affiliations that may present conflicts. The Secretary maintains a copy of all disclosure statements and monitors those affiliations against proposed grants. The Controller also maintains a copy of all disclosure statements and monitors those affiliations against proposed transactions.

Disclosure of affiliations via the annual disclosure form shall not relieve a board member or employee of the duty to disclose any interests or involvements that may be considered actual or perceived conflicts of interest as they arise or as specific transactions or grants are considered by the Foundation; therefore, such disclosures should be made when appropriate. Affiliations or other interests that may influence a person's judgment should be disclosed whenever there is any doubt about whether disclosure is required.

## **Processes Specific to Grantmaking**

Disclosure should be made, orally or in writing, consistent with the procedures described above under "Disclosure."

While the Foundation may award grants to or contract for the provision of goods and services from organizations that employ a board member or employee or the family members of a board member or employee, none of the Foundation's funds may be designated to pay for the employment or the provision of goods and services of a board member or employee or the family member of a board member or employee. Moreover, Foundation funds may not be used to enhance a board member's or employee's reputation or prestige. (For example, if a grantee chooses to recognize a grant by conferring naming rights, the naming rights should be attributed to The Podiatry Foundation rather than to any individual affiliated with the Foundation.)

Such relationships shall be disclosed consistent with the procedures described above under "Disclosure." In addition, affiliations will be noted in all grant recommendation materials submitted to the Board of Trustees or the approval body delegated by the Board of Trustees.

## **Abstention from Decisions**

No board member or employee with an actual, potential or perceived conflict of interest shall vote on or otherwise take part in any decision of the Foundation that directly or indirectly benefits such person or a member of such person's family. In all situations calling for disclosure of affiliations, the board member or employee should abstain from voting or otherwise participating in the decision other than providing information requested by the disinterested decision makers. Abstentions should be formally noted in the board meeting minutes or, in the case of employees, other appropriate written records.

At times, there may be cases where further deliberation on the merits of a grant or transaction is necessary. In such cases, the board member or employee with the affiliation should leave the room and not participate in the deliberation on the merits or the vote. Board members who leave the room under these circumstances are still counted as present for purposes of a quorum.

## **Recordkeeping**

Employees: The Executive Director ( or Chair of the Board if the Executive Director is involved) shall note for the Foundation's records the name of each employee who disclosed or was otherwise determined to have an interest in a transaction or grant; the nature of the interest and whether it was determined to constitute a conflict of interest; and, if applicable, the terms of the transaction or grant that was approved and the date approved.

Board decisions: The minutes of the board meeting at which any discussion, decision or action takes place involving matters covered by this policy shall reflect the board member or employee, as applicable, whose situation was considered by the board, the nature of the interest; if a board member was at issue, his or her abstention; whether the grant or transaction was approved or disapproved; and if approved, its terms.

Any disclosed conflict of interest, whether actual or potential, relating to grants will be noted in the grants docket as well as the notations mentioned above.

## **Self-Dealing Transactions**

Because of its classification as a "private foundation," The Podiatry Foundation is subject to specific self-dealing rules established by section 4941 of the Internal Revenue Code. These rules prohibit certain kinds of transactions, directly or indirectly, between The Podiatry Foundation and disqualified persons.

The following specific transactions may potentially create a self-dealing transaction; therefore, unless an exception applies, these transactions shall be prohibited:

- Selling, exchanging, or leasing of property between a private foundation and a disqualified person is an act of self-dealing, even if the foundation pays demonstrably less than the fair market value of the property it receives. A contribution of property subject to a mortgage is treated as a sale or exchange, and hence, constitutes self-dealing.
- Lending of money or other extension of credit by a foundation to a disqualified person is an act of self-dealing. In addition, a disqualified person may not lend to a foundation unless the loan is interest free and the proceeds are used exclusively for charitable purposes. Where a disqualified

person has made an interest-free loan to a foundation, the foundation may not repay the loan with property other than cash.

- Furnishing of goods, services or facilities by a disqualified person to a private foundation is an act of self-dealing unless these items are offered free of charge. Conversely, a foundation may provide goods, services or facilities to a disqualified person only if the disqualified person is treated no differently from other members of the public to whom the foundation also makes these items available, or if such furnishing is reasonable and necessary to the performance of the disqualified person's tasks for the foundation, and taken together with other payment of compensation, as described below, is not excessive.
- Payment of compensation to a disqualified person and reimbursement of related expenses are acts of self-dealing unless the services are personal services that are reasonable and necessary to carrying out the purposes of the foundation and the compensation and reimbursements are reasonable in amount.

If there arises an instance where an exception should be considered, it may be done in consultation with the Foundation's legal counsel.

### **Gifts**

Board members, employees and members of their families may not knowingly receive or accept any item of value (including gifts, honoraria, loans, and entertainment) from recent, current, or potential grantees, vendors, suppliers, consultants, or others who have existing or proposed business or granter-grantee relationships with the Foundation if such item is intended to influence the outcome of a Foundation decision.

It is permissible to accept gifts of nominal value, meals, and social invitations that are in keeping with good business ethics and do not obligate the recipient to take or refrain from taking any action or decision on behalf of the Foundation. Where it would be awkward to decline a gift, it should be accepted on behalf of the Foundation, and the Executive Director should be consulted as to its disposition.