

CONFLICT OF INTEREST POLICY

OF THE

IOWA STATE ACACIA CHAPTER FOUNDATION

ADOPTED DECEMBER 1, 2019

Introduction

This policy shall govern potential conflicts of interest as they may arise with regard to members of the Board of Directors of the Foundation.

Purpose

The purpose of this policy is to protect the tax-exempt organization's (Iowa State Acacia Chapter Foundation) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Iowa State Acacia Chapter Foundation or might result in a possible excess benefit transaction. 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.

Definitions

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| Interested Person | Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person. |
| Financial Interest | <p>A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:</p> <ul style="list-style-type: none">a. An ownership or investment interest in any entity with which the Iowa State Acacia Chapter Foundation has a transaction or arrangement, orb. A compensation arrangement with the Iowa State Acacia Chapter Foundation or with an entity or individual with which the Iowa State Acacia Chapter Foundation has a transaction or arrangement, orc. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Iowa State Acacia Chapter Foundation is negotiating a transaction or arrangement. |

Compensation includes direct and indirect remuneration as well as gifts of favors that aren't insubstantial.

A financial interest isn't necessarily a conflict of interest. Under the Procedures, point 2, a person who has a financial interest may have a conflict of interest only if the governing board decides that a conflict of interest exists.

Procedures

Duty to Disclose

In connection with any actual possible conflict of interest 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 the directors and members of committees with governing board delegated powers considering the proposed transaction arrangement.

Determining if a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the board member shall leave the meeting at which the determination of a conflict of interest is discussed and voted upon. The remaining board members shall then determine if a conflict of interest exists.

Procedure for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the board meeting, but after the presentation the interested person and the board member who may have a conflict of interest must leave the meeting during the discussion of, and vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the board 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 the Iowa State Acacia Chapter Foundation 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 arrangement isn't reasonably possible under the 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 Iowa State Acacia Chapter Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as whether to enter into the transaction or arrangement.

Violations of the Conflicts of Interest Policy

- a. If the governing board has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and making further investigation as warranted by the circumstances, the governing board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclose or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial 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 or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any vote taken in connection with the proceedings.

Compensation

A voting member of the board who receives compensation, directly or indirectly, from the Iowa State Acacia Chapter Foundation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Iowa State Acacia Chapter Foundation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the board or any committee who jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Iowa State Acacia Chapter Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements

Each member of the board shall annually sign a statement which affirms that 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,
- d. Understands the Iowa State Acacia Chapter Foundation is charitable and in order to maintain its federal tax-exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure the Iowa State Acacia Chapter Foundation operates in a manner consistent with charitable purposes and doesn't engage in activities that could jeopardize its tax-exempt 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 the arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Iowa State Acacia Chapter Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews as provided for in the section on Periodic Reviews, the Iowa State Acacia Chapter Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.