



Foundation, Inc.

UNIVERSITY OF CENTRAL FLORIDA

BOARD CONFLICT OF INTEREST POLICY

Policy# 3.00

Effective Date: October 24, 2024

Responsible Department: Executive

1. PURPOSE

The purpose of this University of Central Florida Foundation, Inc. (“Foundation”) Conflict of Interest Policy (“Policy”) is to define, prevent, and provide a process to review and resolve conflicts-of-interest.

This Policy is organized in four substantive sections:

- Section 2 identifies the individuals who must disclose and avoid a conflict-of-interest.
- Section 3 defines a conflict of interest;
- Section 4 provides a process for the disclosure, review, and resolution of conflict-of-interest matters; and
- Section 5 ensures overall legal and institutional compliance.

2. INTERESTED PARTIES

This Policy applies to an “Interested Party” defined as follows:

- Foundation Directors, Board Officers, Corporate Officers, and Committee Members as defined in the Foundation bylaws.
- Key Employees identified on the Foundation’s most recent Form 990 Tax Return. As explained in Section 5 below, all University of Central Florida (“UCF”) employees assigned to the Foundation shall also comply with UCF regulations and policies pertaining to COIs and outside activity.
- Family members of any of the above individuals as defined by the Internal Revenue Code of 1986 (“IRC”).
- Former Directors, Board or Corporate Officers, and Key Employees for five years following the end of their service.
- A 35% controlled entity (as defined by the IRC) in which any of the above individuals exercise or can control the entity.

3. CONFLICT OF INTEREST

A conflict of interest (“COI”) is any time an Interested Party is in the position to approve or influence Foundation policies or transactions which involve the financial interest of the Interested Party or any organization in which the Interested Party is a director, trustee, officer, member, partner, or controls more than 10% of the total (combined) voting power.

An Interested Party has a financial interest if they have:

- An ownership interest in any entity with which the Foundation has a transaction or arrangement.
- A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement.
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Mere service on the board of another not-for-profit corporation does not constitute a financial interest but the service shall be disclosed by the Interested Party to the Foundation Board Governance Committee (“Governance Committee”).

4. PROCESS

- *Disclosure.*
 - In connection with any actual or potential COI, an Interested Party must disclose the existence and nature of his or her financial interest and must be given the opportunity to disclose all material facts, to the Governance Committee for consideration of the proposed transaction or arrangement.
 - An Interested Party shall disclose a COI:
 - prior to voting on or otherwise discharging their duties with respect to any matter involving the COI which comes before the board or any committee;
 - prior to entering any contract or transaction involving the COI;
 - as soon as possible after the interested person learns of the COI; and
 - on the Foundation Annual COI Disclosure form.
- *Review.*
 - The Interested Party shall provide all material facts surrounding any potential COI, to the Chair of the Governance Committee and counsel for the Foundation.
 - The Governance Committee shall consider the material facts concerning the proposed contract or transaction, including the process by which the decision was made to recommend entering into the arrangement on the terms proposed.

- The Interested Party must refrain from influencing or encouraging the Foundation to pursue the COI transaction.
- The Interested Party must recuse themselves from voting on and discussions of the COI transaction with officials of the Foundation and at meetings of the Board.
- The Interested Party may make a presentation at a committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of and the vote on the COI transaction.
- *Resolution.*
 - For transactions less than \$75,000 the Governance Committee delegates the approval and due diligence to the Foundation Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Foundation.
 - For transactions \$75,000 and greater the Governance Committee will address the transaction and make a recommendation to the Board or Executive Committee for final approval.
 - The Chair of the Governance Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - After exercising due diligence, the Governance Committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a COI.
 - The Governance Committee shall approve only those COI transactions in which the terms are fair and reasonable to the Foundation and the arrangements are consistent with the best interests of the Foundation.
 - If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a COI, the Governance Committee shall determine by a majority vote of the disinterested committee members whether the transaction or arrangement is in the Foundation's best interest and for its own benefit, and whether the transaction is fair and reasonable to the Foundation for recommendation to the Board or Executive Committee.
 - The standard for a fair and reasonable transaction includes, but is not limited to, payment of fair market value for any goods or services which the Foundation receives and receipt of fair market value payment for any goods or services that it furnishes others.
 - Each agreement with an Interested Party should contain an appropriate provision permitting the agreement to be modified or terminated if the Internal Revenue Service (“IRS”) determines that any transaction that is the subject of the agreement is an excess benefit transaction as defined in the IRC.
 - The Governance Committee shall set forth the basis for its decision with respect to approval of contracts or transactions involving a COI in the minutes of the meeting at which the decision is made, including the basis for determining that the consideration to be paid is fair to the Foundation including any comparability data used to make such determination.

- The Governance shall then forward its decision to the Chair of the Executive Committee for review and consideration of final approval.

5. COMPLIANCE

- *Additional Governance.* This Policy is intended to supplement, but not replace, any applicable:
 - Foundation bylaw or provision of the Foundation's Article of Incorporation.
 - UCF policies and regulations.
 - State University System of Florida policies and regulations.
 - State law, including, but not limited to, rules governing COIs pertaining nonprofit corporations and University direct service organizations.
 - Federal law, including but not limited to, the IRC.
- *Specific Tax Matters.* The Foundation shall comply at all times with all statutes and regulations pertaining to the governance of public charities and 501(c)(3) organizations, including, but not limited to, ensuring the repayment of any excess benefits received by an Interested Party, modifying agreements with respect to an excess benefit received by an Interested Party, and reporting to the Internal Revenue Service all excess benefit transactions in the year in which they are identified and corrected.
- *Employee Matters.* Except as it relates to Key Employees, this Policy does not govern conflict-of-interest matters involving Foundation or UCF employees. The Board delegates its authority to the CEO to ensure appropriate conflict-of-interest procedures consistent with UCF policies and regulations and applicable Florida law.
- *Annual Disclosure.* All Interested Parties shall complete the Foundation's Annual Disclosure form and update such form promptly as necessary to reflect changes during the year. Completed forms will be returned to the CEO and will be subject to review by the CEO, CFO, Governance Committee, and Legal Counsel, as well as by any outside consultants who may be appointed to advise the Governance Committee.
- *Violations.* If the Board is presented information which provides reasonable cause to believe that an Interested Party failed to disclose actual or COI, it shall investigate the alleged failure to disclose. If the Board determines the interested person failed to disclose an actual or possible COI in accordance with this policy, it shall take appropriate disciplinary and corrective action.
- *Record Keeping.* The minutes of the Board and all committees with board authority shall contain-
 - the names of the persons who disclosed or otherwise were found to have a financial interest in connection with a transaction or arrangement, and the nature of the financial interest; and
 - 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 votes taken in connection therewith.

- *Review.* The Board shall undertake periodic reviews shall be conducted to ensure compliance with this Policy.
- *Interpretation.* Counsel for the Foundation shall provide interpretations or clarifications of this Policy upon request.
- *Amendments.* Any amendments to this Policy shall be approved by a vote of the Board; provided, however, the Board delegates authority to the CEO, who on the advice of counsel, may institute an immediate amendment to this Policy to ensure compliance with law, regulation, or court order (“Compliance Amendment”). The CEO shall, as soon as reasonably possible, inform the Chair of the Executive Committee and Governance Committee of any Compliance Amendments, and the content of the Compliance Amendment shall be presented to the Board at the next regular meeting of the Board.

NOTE: The information contained in this document is intended to be used for University of Central Florida, Inc. internal policy guidelines only and cannot be used for the purpose of tax reliance or tax advice related to IRS or any other federal or state regulations.



Rachel Schaefer
Associate Vice President and Chief of Staff

Adoption Date: 5/27/2009
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