



## CONFLICT OF INTEREST POLICY

The Lock Haven University Foundation ("Foundation") is a private, Pennsylvania, non-profit corporation exempt from federal income taxation under Internal Revenue Code §501(c)3. It is not a "governmental entity," nor are its directors and employees "public servants." Even though the purpose of the Foundation is to benefit Lock Haven University ("University"), it is a separate legal entity and thus not part of the University.

1. **Scope:** The following statement of policy applies to each member of the Foundation Board of Directors ("Board") and to all employees of the Foundation. It is intended to provide guidance for all persons serving the Foundation in positions of significant responsibility. A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of the Foundation. There are a variety of situations that raise conflict of interest concerns including, but not limited to the following.

2. **Fiduciary Responsibilities:** Members of the board, officers, and employees of the Foundation serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. All decisions of the board and employees of the Foundation are to be made solely on the basis of a desire to promote the best interests of the Foundation, and thereby the University it serves, and the public good. The Foundation's integrity must be protected and advanced at all times.

Men and women of substance inevitably are involved in the affairs of other institutions and organizations. An effective board and staff cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most such potential conflicts are and will be deemed to be inconsequential, it is everyone's responsibility to ensure that the Board is made aware of situations that involve personal, familial, or business relationships that could be troublesome for the Foundation or the University.

Examples include, but are not limited to, situations where:

- The Foundation contracts to purchase or lease goods, services, or properties from an interested party, or a family member, or business associate of an interested party;
  - The Foundation purchases and ownership interest in or invests in a business entity owned by an interested party, or by a family member or business associate of an interested party;
  - The Foundation offers employment to an interested party, or a family member, or business associate of an interested party, other than a person who is already employed by the Foundation;
  - An interested party, or a family member or business associate of an interested party, is provided with a gift, gratuity or favor, of a substantial nature, from a person or entity that does business, or seeks to do business, with the Foundation;
  - An interested party, or family member or business associate of an interested party, is gratuitously provided use of the facilities, property, or services of the Foundation.
3. **Other Interests:** A conflict may also exist where an interested party, or a family member or business associate of an interested party, obtains a non-financial benefit or advantage that he or she would not have obtained absent his or her relationship with the Foundation, or where an interested party's duty or responsibility owed to the Foundation conflicts with a duty or responsibility owed to some other organization. Examples include, but are not limited to, where:
- An interested party seeks to obtain preferential treatment by the Foundation for himself or herself, for a family member, or for a business associate;
  - An interested party seeks to make use of confidential information obtained from the Foundation for his or her own benefit, or for the benefit of a family member, business associate, or other organization;
  - An interested party seeks to take advantage of an opportunity, or enable a family member, business associate or other organization to take advantage of an opportunity, which he or she has reason to believe would be of interest to the Foundation.

***Thus, the Board requires each Director and employee annually: (1) to review this policy; (2) to disclose any possible personal, familial, or business relationships that reasonably could give rise to a conflict involving the Foundation or University; and (3) to acknowledge by his or her signature that he or she will act in accordance with the letter and spirit of this policy.***

4. **Disclosure:** All Directors and employees are requested to list on this form *only those substantive relationships* that he or she maintains (or a family member, as hereinafter defined, maintains) with organizations that do business with the Foundation or University or otherwise could be construed to potentially affect their independent, unbiased judgment in light of his or her decision-making authority or responsibility. In the event you are uncertain as to the appropriateness of listing a particular relationship, the President of the Board should be consulted. The President, in turn, may elect to consult with legal counsel, the Executive Committee, or the Board, in executive session. Such

information, including information provided on this form, shall be held in confidence except when, after consultation with you, the Foundation or University's best interests would be served by disclosure.

The following definitions are provided to help you decide whether a relationship should be listed on this form:

Business Relationship: One in which a Director, employee, or a family member, as defined below, serves as an officer, director, employee, partner, trustee, or controlling stockholder of an organization that does substantial business with the Foundation or University. Or, one in which a Director, employee or a family member, as defined below, maintains a business relationship with another Director, employee or family member.

Family Member: A spouse, parents, siblings (whether whole or half), children, grand children, great grandchildren and the spouses of parents, siblings, children, grand children and great grandchildren regardless of place of residence of the spouse, parent, sibling or child, and any other family member residing in the same household as the Director or employee.

Substantial Benefit: When you or a family member (1) are the actual or beneficial owner of more than 10% of the voting stock or controlling interest of an organization that does substantial business with the Foundation or University or (2) have other direct or indirect dealings with such an organization from which you or a family member benefits directly, indirectly, or potentially from cash or property receipts totaling \$10,000 or more annually.

A conflict of interest is present if a Director, employee, or a family member has a business relationship or derives a substantial benefit.

**5. Restraint on Participation:** Directors or employees who have declared, or been found, to have a conflict of interest shall not vote on proposed transactions for which such conflict of interest exists. Persons with a conflict of interest may after disclosure of such conflict participate in discussion.

**6. Violations:** If the Board has reason to believe that an interested party has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

If after hearing the response of the interested party and making such further investigation as may be warranted in the circumstances, the Board determines that the interested party has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Approved by: LHUF BOD  
Date Approved: June 4, 2009

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**Disclosure Form for Directors and Employees of the Lock Haven University Foundation**

Please complete the following and return this form in the envelope provided.

1. Are you aware of any situations that may represent a conflict of interest as defined in the foregoing Policy?

Yes  No

If Yes, please list or elaborate such relationships and the details of annual or potential financial benefit as you can best estimate them.

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2. Did you or a family member receive, during the past 12 months, any gifts in excess of \$500.00 in total or loans from any source from which the Foundation or University buys goods or services or otherwise has significant business dealings?

Yes  No

If Yes, please list such loans or gifts, their source, and their approximate value here.

<u>Name of Source</u>	<u>Item</u>	<u>Approximate Value</u>
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I certify that the foregoing information is true and complete to the best of my knowledge.

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Name (please print)

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Signature

Date

**Annual Affirmation of Compliance and Disclosure Statement**

I have received and carefully read the Conflict of Interest Policy for Board Members, staff and volunteers of the Lock Haven University Foundation and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that the Lock Haven University Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in the Disclosure Statement and attachments, if any, below, I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of the Lock Haven University Foundation, nor does any relative or business associate have such an actual or potential conflict of interest.

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the President of the Lock Haven University Foundation or to the Executive Director, as applicable.

I further certify that the information set forth in the Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information and belief.

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Name (Please Print)

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Signature

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Date