

Conflict of Interest Policy

Article I Purpose

The purpose of the conflict of interest policy is to protect AFTE's nonprofit status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member. 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.

Article II Definitions

1. Interested Person

Any Board member, committee chair, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below.

2. Financial Interest

A person has a financial interest if they have directly or indirectly, through business, investment, or family:

- a. Have ownership or investment interest in any entity with which AFTE has a transaction or arrangement,
- b. Have a compensation arrangement with AFTE or with any entity or individual with which AFTE has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which AFTE is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual 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 Board.

2. Determining Whether 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 shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation to the Board, regarding the transaction or arrangement involving the possible conflict of interest.
- b. The Board shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Board shall determine whether AFTE 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 or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine, by a majority vote, whether the transaction or arrangement is in AFTE's best interest, and whether it is fair and reasonable.
- e. Board members directly related to the conflict shall abstain from voting.

4. Violations of the Conflicts of Interest Policy

- a. If the Board has a reasonable belief that a member has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford them the opportunity to explain the alleged failure to disclose.
- b. If, after hearing the individual's response and after making any further investigation, the Board determines the member has failed to disclose an actual or possible conflict of interest, the Board shall take the appropriate corrective action.

Article IV Records of Proceedings

The minutes of the Board, directly related to the conflict of interest determination, shall contain:

- a. The names of the individual(s) who 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 / vote.
- b. The names of the individuals who were present for discussions and votes relating to the conflict, the content of the discussion, including alternative courses of action, and the record of votes.

Article V Compensation

A voting member of the Board who may receive compensation, directly or indirectly, from their position within AFTE is precluded from voting on the specific matter.

Article VI Annual Statements

Each Board member, committee chair, or member of a committee which has delegated powers shall annually review and comply with this conflict of interest policy.

Article VII Periodic Reviews

To ensure AFTE operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted.

Article VIII Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, AFTE may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.