

# PASAE CONFLICT OF INTEREST POLICY

## I. PURPOSE OF POLICY

The purpose of this conflict of interest policy is to protect the "PASAE" interest when it is contemplating entering a transaction or arrangement that might benefit the private interest of an officer, director, contractor or volunteer of PASAE. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest governing nonprofits and charitable corporations.

## II. CONFLICT OF INTEREST

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 PASAE. The definition of interested party is defined below. In addition, there are a variety of situations that raise conflict of interest concerns including, but not limited to, the financial and other interests situations presented below.

## INTERESTED PARTIES

Interested Parties shall include the following:

- All members of the Board of Directors of PASAE
- Officers of PASAE
- Members of any PASAE committee with Board-delegated powers
- Any contractor of PASAE
- Volunteers if the volunteer has been granted significant independent decision-making authority with respect to financial or other resources of PASAE
- Affiliates of any of the above
- Members of the family of any of the above
- Any other person who is a "disqualified person" with respect to PASAE as defined in Section 4958(f)(1) of the Internal Revenue Code of 1986, as amended. ("Code" generally includes persons who exercise substantial influence over PASAE, members of their family and 35% controlled entities)

A person shall be deemed to be an "affiliate", and therefore covered by this policy if the person:

- Serves as a member of the governing body of the interested party;
- Serves as an officer or employee of the interested party;
- Has a material economic relationship with such interested party; or
- If the person's spouse, parent, sibling, child or member of the immediate household, holds such a position or has such a relationship.

For purposes of this policy, the members of the family shall include the spouse, ancestors, children, grandchildren, great grandchildren, and the spouses of children, grandchildren and great grandchildren, and brothers and sisters and their spouses (determined in accordance with Code Section 4958(f)(4)).

**Financial Interests** - A conflict may exist where an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by PASAE.

Examples include situations where:

- PASAE contracts to purchase or lease goods, services, or properties from an interested party, or affiliate of an interested party;
- PASAE purchases an ownership interest in or invests in a business entity owned by an interested party, or affiliate of an interested party;
- PASAE offers employment to an interested party, or affiliate of an interested party, other than to a person who is already employed by PASAE;
- An interested party, or affiliate 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 PASAE;
- An interested party, or affiliate of an interested party, is gratuitously provided use of the facilities, property, or services of PASAE.

**Other Interests** - A conflict may also exist where an interested party or their affiliate, obtains a non-financial benefit or advantage that he or she would not have obtained absent his or her relationship with PASAE, or where his/her duty or responsibility owed to PASAE conflicts with a duty or responsibility owed to some other organization. Examples include where:

- An interested party seeks to obtain preferential treatment by PASAE for himself or herself, or for an affiliate;
- An interested party seeks to make use of confidential information obtained from PASAE for his or her own benefit, or for the benefit of an affiliate;
- An interested party seeks to take advantage of an opportunity, or enable an affiliate to take advantage of an opportunity, which he or she has reason to believe would be of interest to PASAE;

A financial or other interest is not necessarily a conflict of interest. Under this policy, a person who has a financial or other interest may have a conflict of interest only if the Board of Directors or Board-delegated committee decides that a conflict of interest exists.

### III. DISCLOSURE OF ACTUAL OR POTENTIAL CONFLICTS OF INTEREST

An interested party is under a continuing obligation to disclose any actual or potential conflict of interest as soon as it is known, or reasonably should be known.

A disclosure statement shall be completed upon his or her association with PASAE and shall be updated annually thereafter. An additional disclosure statement shall be filed at such time as an actual or potential conflict arises.

For board members, the disclosure statements shall be provided to the President of the Board, or in the case of the President's disclosure statement shall be provided to the Secretary of the Board. Copies shall also be provided to the Executive Director of PASAE.

In the case of staff or volunteers with significant decision-making authority, the disclosure statements shall be provided to the Executive Director of PASAE, or in the case of the Executive Director's disclosure, the statement shall be provided to the President of the Board.

The Secretary of the Board of Directors shall file copies of all disclosure statements with the official corporate records of PASAE.

#### IV. GENERAL PROCEDURES FOR THE REVIEW OF ACTUAL OR POTENTIAL CONFLICTS

Whenever there is reason to believe that an actual or potential conflict of interest exists between PASAE and an interested party, the Board of Directors shall determine the appropriate organizational response. This shall include, but not necessarily be limited to, invoking the procedures described in Section V, below, with respect to a specific proposed action or transaction.

Where the actual or potential conflict involves a contractor of PASAE other than the Executive Director, the Executive Director shall, in the first instance, be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of PASAE. The Executive Director shall report to the President the results of any review and the action taken. The President, in consultation with the Executive Committee, shall determine if any further Board review or action is required.

#### V. PROCEDURES FOR ADDRESSING CONFLICTS OF INTEREST - SPECIFIC TRANSACTIONS

Where an actual or potential conflict exists between the interests of PASAE and an interested party with respect to a specific proposed action or transaction, PASAE shall refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved by the disinterested members of the board of directors of PASAE. The following procedures shall apply:

- An interested party who has an actual or potential conflict of interest with respect to a proposed action or transaction of the corporation shall not participate in any way in, or be present during, the deliberations and decision making of PASAE with respect to such action or transaction. The interested party may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.
- The board shall first determine whether an actual conflict of interest exists between PASAE and the interested party. If there is no conflict of interest, this policy need not be applied any further in the consideration of the proposed action or transaction.
- If a conflict of interest is determined to exist, the board shall consider whether the terms of the proposed transaction are fair and reasonable to PASAE and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party. In determining whether a more advantageous transaction or arrangement is available with a non-interested party, the Board is not required to take extraordinary steps, but is permitted to undertake such an investigation into an alternative as is reasonable due diligence under the facts and circumstances.

- The disinterested members of the board of directors may approve the proposed action or transaction with an interested party upon finding that it is in the best interests of the corporation.
- Approval by the disinterested members of the board of directors shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An interested party shall neither be counted for purposes of determining whether a quorum is present nor for purposes of determining what constitutes a majority vote of directors in attendance.
- The minutes of the meeting shall reflect that the conflict disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the interested party.

## VI. VIOLATIONS OF CONFLICT OF INTEREST POLICY

If the board of directors 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/or corrective action.

PASAE  
500 N. 12TH STREET, LEMOYNE PA 17043

CONFLICT OF INTEREST POLICY  
ANNUAL AFFIRMATION OF COMPLIANCE AND DISCLOSURE  
STATEMENT

I have received and carefully read the Conflict of Interest Policy for board members, officers, staff and certain volunteers of PASAE 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 PASAE 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 PASAE, nor does any family member or affiliate 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 Board of Directors of PASAE 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