

**AMERICAN OSTEOPATHIC ACADEMY OF ORTHOPEDICS
CONFLICT OF INTEREST POLICY**

**Article I
Purpose**

The purpose of this Conflict of Interest Policy is to protect the American Osteopathic Academy of Orthopedics' (the "Academy") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of the Executive Director or a Director or Officer of the Academy 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.

**Article II
Definitions**

1. Interested Person

The Executive Director or any Director or Officer of the Academy or member of a committee with Board of Directors delegated powers who has a direct or indirect Financial Interest, as defined below, is an Interested Person.

2. Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Academy has or may have a transaction or arrangement;
- b. A compensation arrangement with the Academy or with any entity or individual with which the Academy has or may have a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Academy is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors in excess of Fifty (\$50.00) Dollars in the aggregate in any consecutive twelve (12) month period.

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest must disclose such Financial Interest to the Board of Directors. Such person may have a conflict of interest only if the Board of Directors or committee decides that a conflict of interest exists.

**Article III
Procedures**

1. Duty to Disclose

In connection with any transaction in which an Interested Person has a Financial Interest, the Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Board of Directors or members of committees to which the Board of Directors has delegated the responsibility to consider and approve or disapprove of the proposed transaction or arrangement.

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 Interested Person shall leave the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board of Directors or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An Interested Person may make a presentation at the Board of Directors or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The President or chairperson of the committee 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 of Directors or committee shall determine whether the Academy 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 of Directors or committee shall determine by a majority vote of the disinterested Directors or committee members whether the transaction or arrangement is in the Academy'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 to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the Board of Directors or committee has reasonable cause to believe the Executive Director, or a Director, Officer or member of a committee with Board of Directors delegated powers has failed to disclose a Financial Interest and the resulting actual or possible conflicts of interest, it shall inform such individual of the basis for such belief and afford such individual an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of such individual and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines that such individual has failed to disclose a Financial Interest and the resulting actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the Board of Directors and all committees with Board delegated powers shall contain:

- a. The name of the person or persons who disclosed or otherwise were found to have a Financial Interest in connection with a Financial Interest and the resulting 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 of Directors' or committee's decision as to whether a conflict of interest in fact existed which required that the Academy seek an alternative to the proposed transaction or arrangement.
- b. The names of the persons who were present for discussions and votes relating to the proposed transaction or arrangement, the substance of the discussion, including any alternatives to the

proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V Compensation

- a. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Academy for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Academy for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Academy, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Annual Statements

The Executive Director and each Director, Officer and member of a committee with Board of Directors delegated powers shall annually sign a Conflict of Interest Statement which affirms that such person:

- a. Has received a copy of this Conflict of Interest Policy;
- b. Has read and understands the policy; and
- c. Has agreed to comply with the policy.

Article VII Periodic Reviews

To ensure the Academy operates in a manner consistent with its charitable and educational purposes and does not 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 arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Academy's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable and educational purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII Use of Outside Experts

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