

MARYLAND ASSOCIATION OF STUDENT COUNCILS INC.
CONFLICT OF INTEREST POLICY

Article I: Purpose

This conflict of interest policy is designed to foster public confidence in the integrity of Maryland This conflict of interest policy is designed to foster public confidence in the integrity of Maryland Association of Student Councils Inc. (the “Organization”) and to protect the Organization’s interests when it is contemplating entering a transaction that might benefit the private interests of Organization insiders or related persons. This policy is intended to supplement but not replace any applicable laws or rules governing conflicts of interest applicable to nonprofit and tax-exempt organizations.

Article II: Definitions

1. An “**insider**” means a person with substantial influence over the Organization. The following persons are insiders for purposes of this policy:

a. Each member of the board of directors and each member of any committee with board-delegated responsibilities.

b. Corporate officers (including the president, chief executive officer, chief operating officer, executive director, treasurer, chief financial officer and secretary) and any person with equivalent responsibilities (whether or not the person is an officer of the Organization under the Organization’s bylaws or applicable law).

c. Any other person whom the board, based on facts and circumstances, determines has substantial influence over the Organization. Such persons may include a founder of or a substantial contributor to the Organization, a person with managerial authority over the Organization, or a person with control over a significant portion of the Organization’s budget (including a “key employee” as defined in the IRS Form 990 return)..

d. Any person who met any of the above definitions at any time during the five years before the proposed transaction.

2. An “**interested person**” includes insiders and any person described in either of the following two categories:

a. Spouses, domestic partners, siblings, ancestors, children, grandchildren, great-grandchildren of any insider, and the spouses or domestic partners of siblings, children, grandchildren, and great-grandchildren of any insider.

b. A legal entity in which any combination of insiders and their family members is a greater-than-35 percent owner. Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, beneficial interest in a trust, estate or unincorporated enterprise, or membership interest in a nonprofit organization. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question), including ownership through multiple tiers of entities.

3. An “interest” is any financial commitment, investment, obligation or relationship, or economic benefit, of an interested person in a transaction involving the Organization, including without

limitation: a contract, sale, lease or license; performance of services in exchange for compensation, a fee or other consideration; joint ventures; and grants, loans, assistance or other financial benefits. For clarity, an interested person does not have an interest if the person provides financial or in-kind support to the Organization without charge or other consideration, including gifts, grants or contributions to the Organization.

4. A “**conflict of interest**” is present when, in the judgment of the board of directors or the committee determining whether a conflict exists, an interested person’s interest reduces the likelihood that an insider may act impartially and in the best interests of the Organization.

5. A “**transaction**” means any transaction, agreement or arrangement between an interested person and the Organization, or between the Organization and any third party where an interested person has an interest in the transaction or any party to it.

Article III: Procedures

1. Each interested person shall disclose to the board, or to a board committee empowered to approve the transaction, all material facts regarding an interest in the transaction. The interested person shall make disclosures promptly upon learning of the transaction. Insiders may make disclosures on behalf of interested persons related to them.

2. The board or committee shall determine that all material facts regarding the transaction and the interested person’s interest have been disclosed to the board or committee. The board or committee shall compile appropriate information to evaluate whether the transaction is fair and reasonable to the Organization and otherwise in its best interests, including reasonable investigation of whether the Organization could obtain a more advantageous alternative arrangement under the circumstances.

3. At a meeting, the board or committee may ask questions of and receive presentations from the insider and any other interested person. The board or committee shall deliberate and vote on the transaction in the absence of the insider and any other interested person. The insider and any other interested person shall be prohibited from any attempt to improperly influence the deliberation or voting on the transaction.

4. The board or committee, in the absence of the interested person, shall determine whether the interest constitutes a conflict of interest, and if so, whether the transaction is nevertheless in the Organization’s best interest, for its own benefit, and fair and reasonable to the Organization, taking into account the relevant information and facts. The Organization shall also determine whether it could reasonably obtain a more advantageous alternative arrangement under the circumstances. Following such determination, a majority of disinterested members of the board or committee then in office may approve the transaction. If the transaction is approved by a committee, the board must ratify the transaction at its next meeting by a majority vote of the disinterested members of the board.

Article IV: Records of Proceedings

1. The minutes of any meeting of the board and any committee pursuant to this policy shall contain the name of each interested person who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the board or committee who were present during the discussion on the transaction, those who voted on it, and to what extent interested

persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the board or committee and how the information was obtained; the rationale for determining the transaction is reasonable if it exceeds the range of comparability data used; and the result of the vote, including, if applicable, the terms of the transaction that were approved and the date the transaction was approved.

2. The board or committee shall contemporaneously document the deliberation and decision on each transaction. The records must be prepared by the later of the next meeting of the board or committee or 60 days after the final action of the board or committee with respect to the transaction, and must be approved by the board or committee within a reasonable time afterwards.

Article V: Compensation

1. An insider who receives compensation, directly or indirectly, from the Organization for services is prohibited from voting on matters pertaining to his or her compensation. However, the insider is not precluded from providing information to the board or to any committee regarding compensation.

2. Compensation of each of the following individuals shall be reviewed and approved by the board or a committee designated by the board to handle executive compensation: each officer, the top management official, the top financial official, and each key employee of the Organization. The compensation of each such person shall be reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations. The board or committee that reviews and approves each such person's compensation shall contemporaneously substantiate the deliberation and decision. The records must be prepared by the later of the next meeting of the board or committee or 60 days after the final action of the board or committee with respect to the compensation arrangement, and must be approved by the board or committee within a reasonable time afterwards.

Article VI: Annual Disclosure and Compliance Statements

Each director, each officer, the top management official, the top financial official, and each key employee of the Organization, and others that the Organization may identify, shall annually sign a statement in the form attached to this policy that: affirms the person has received a copy of this conflict of interest policy, has read and understood the policy, and has agreed to comply with the policy; and discloses the person's financial interests and family relationships that could give rise to conflicts of interest. The board or committee may designate a compliance officer for this policy to ensure that all persons required to submit disclosure statements do so in accordance with this policy.

Article VII: Past Transactions; Violations

1. If the board or committee has reasonable cause to believe that an insider failed to disclose an actual or possible conflict of interest, including one arising from a transaction with a related interested person, it shall inform the insider of the basis for this belief and give the insider an opportunity to explain. If, after hearing the insider's response and further investigating as the circumstances warrant, the board or committee determines that the insider has failed to disclose an actual or possible conflict of interest, the board or committee shall take appropriate disciplinary and corrective action.

2. Where a transaction involving a conflict of interest is discovered after it has already occurred or begun (because, for example, the interest was inadvertently not disclosed prior to the transaction, or the Organization's leadership did not realize that a review was necessary or advantageous), the board or committee shall conduct a review as described above, and determine whether disciplinary or

corrective action is possible or warranted. In appropriate cases, the board or committee may determine, upon completion of the review, that ratification of the transaction is in the Organization's best interest, for its own benefit, and is fair and reasonable to the Organization.

Article VIII: Periodic Reviews

To ensure that the Organization operates in a manner consistent with its status as an organization exempt from federal income tax, the board shall authorize and oversee a periodic review of the administration of this conflict of interest policy. The review may be written or oral. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified and improved.

Exhibit A: Conflict of Interest Policy Disclosure Statement

Maryland Association of Student Councils Inc. (the “Organization”) follows a conflict of interest policy designed to foster public confidence in our integrity and to protect our interests when we are contemplating entering a transaction that might benefit the private interests of Organization insiders or related persons. To maintain our federal tax exemption and the trust of the public, we must diligently monitor and manage conflicts of interest or the appearance of any conflict in accordance with our conflict of interest policy, engage primarily in activities that accomplish one or more of our tax-exempt purposes, and comply with applicable law.

We are required to file annually the Form 990 return with the Internal Revenue Service, and the form we file is available to the public. In order to complete the Form 990 fully and accurately, we need each officer, director and key employee, and such other individuals that we may identify, to disclose the information requested in this statement. The purpose of this disclosure is to provide the board of directors or relevant committee with a meaningful opportunity to determine whether a conflict of interest exists, by disclosing any interest that could give rise to a conflict of interest. Complete, accurate disclosure gives the board or committee information it needs to fulfill its fiduciary obligations and to make decisions that are in the best interest of the Organization.

A “**conflict of interest**” arises when a person in a position of authority over the Organization, such as a director, officer or key employee, has a financial interest in a transaction involving the Organization that reduces the likelihood that the person will act impartially and in the best interests of the Organization. A person can have a financial interest either directly or indirectly, including through a family relationship or greater-than-35 percent ownership interest in a legal entity.

A “**family relationship**” includes the person’s spouse or domestic partner, ancestors, siblings, children, grandchildren and great-grandchildren, and the spouses or domestic partners of siblings, children, grandchildren and great-grandchildren.

An “**ownership**” interest in a legal entity is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, beneficial interest in a trust, estate or unincorporated enterprise, or membership interest in a nonprofit organization. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question), including ownership through multiple tiers of entities.

1. Do you have a financial interest in any transaction involving the Organization that could give rise to a conflict of interest, that has not been previously disclosed to the Organization? For financial interests that must be disclosed, refer to the Organization’s conflict of interest policy.

Yes (describe the financial interest in the space below)

No

Response:

a. One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a director, trustee, officer or greater-than-35 percent owner, even if that organization is tax exempt. However, this does not include a person's employment relationship with the Organization, if any.

b. One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction valued in excess of \$10,000 in the aggregate during the Organization's tax year. This can include indirect transactions with an organization with which one person is associated as a director, trustee, officer or greater-than-35 percent owner, but it does not include charitable contributions to tax-exempt organizations.

c. The two persons are each a director, trustee, officer or greater-than-10 percent owner in the same business or investment entity, but not in the same tax-exempt organization.

Yes (describe the family relationship or business relationship in the space below)

No

Response:

3. I acknowledge that I have received a copy of the Organization's conflict of interest policy, have read and understood it, and agree to comply with its terms. To the best of my knowledge and belief, I have not engaged in any activity, directly or indirectly through business, investment or family relationships, which would violate the Organization's conflict of interest policy. If at any time following the submission of this disclosure statement, I become aware of any financial interest or relationship that has not been disclosed to the Organization, or if the information provided in this disclosure statement becomes inaccurate or incomplete, I will promptly notify the Organization.

Name: _____

Date:

Title: _____