

**Nurses Educational Funds, Inc.**  
**Board of Directors**  
**Policy on Conflict of Interest**

**Introduction:**

Nurses Educational Funds, Inc. (“NEF”) is a charitable organization that must engage primarily in activities that accomplish one or more of their tax-exempt purposes to maintain their tax-exempt status.

**Policy Statement:**

The effectiveness of NEF programs and services and NEF’s ability to positively carry out its mission to:

(a) to solicit, collect, receive, hold in trust, invest, reinvest, utilize, establish, maintain, and administer funds contributed to it under conditions hereinafter specified in order to provide financial assistance to registered nurses studying for masters and doctoral degrees in nursing, and

(b) to formulate and develop policies and plans for awarding a scholarship to individuals with approved qualifications who are enrolled in master’s and doctoral programs in institutions of higher education. (a) and (b) taken directly from Bylaws as proposed)

is dependent on the voluntary participation of its members. In order to assure credibility and effectiveness, NEF must ensure the integrity of deliberations and decisions and maintain sensitivity to and vigilance for conflict of interest. Conflict of interest arises whenever personal or professional interests are potentially at odds with the best interests of NEF. Conflict of interest is difficult to define, yet many people think they know it when they see it. Many conflicts fall into a gray area of ethics, where public perception can be the determining factor.

Given the complexity of the healthcare environment and its finances, consumers and/or professionals are likely to have a potential conflict at some point in time. NEF does not view the existence of other interests or commitments as necessarily implying bias or decreasing the value of an individual's participation in NEF activities. This policy is intended to help identify circumstances that may create conflicts or apparent conflicts and to respond appropriately to prevent their influencing NEF activities.

**Definitions**

- a. Board of Director - the body responsible for the governance of NEF.
- b. Conflict of Interest – any situation in which a Director, Officer, Key Volunteer or Key Employee of NEF has a competing professional or personal interest in a

matter, which is the subject of a decision or duty by that person. Such competing interest may make it difficult for such person to fulfill their duties impartially and can create an appearance of impropriety even if no unethical or improper act results from the conflict.

- c. Director – any voting or non-voting member of the governing board of NEF.
- d. Financial Interest – a person has a financial interest if the person has, directly or indirectly, through business, investment or family relative:
  - 1. an ownership or investment interest in any entity with which NEF has a transaction or arrangement; or
  - 2. A compensation arrangement with NEF or with any entity or individual with which NEF has a transaction or arrangement; or
  - 3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NEF is negotiating a transaction, agreement or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- e. Interested Person – any Director, Principal Officer, Key Volunteer, Key Employee or member of a committee with board delegated powers who has a direct or indirect financial interest, is an interested person.
- f. Key Employee – a Key Employee is a person who is in a position to exercise substantial influence over the affairs of NEF. This includes, but is not limited to:
  - 1. Voting members of the Board;
  - 2. Presidents, Officers or employees of any other title with similar responsibilities;
  - 3. Treasurers, Officers or employees of any other title with similar responsibilities; or
  - 4. An employee who is in a position to exercise substantial influence over the affairs of NEF.
- g. Officer – A person designated as such in NEF by-laws.
- h. Related Party – Persons who may be considered a Related Party of NEF under this Policy include:
  - 1. Directors, Officers, Key Volunteers or Key Employees of NEF;
  - 2. Relatives of Directors, Officers, Key Volunteers or Key Employees of NEF;
  - 3. Any entity in which a person in (1) or (2) has an ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest.
- i. Related Party Transaction – any transaction, agreement or any other arrangement with NEF in which a Related Party has a Financial Interest. Any Related Party Transaction will be considered a conflict of interest for the purposes of this Policy.

- j. Relative – a Relative is a spouse, ancestor, child (whether natural or adopted), grandchild, great grandchild, or sibling (whether whole or half-blood).

**Responsibilities:**

The individual Director is responsible for disclosure to the Audit Committee of the Board, of any potential conflict of interest. The President of the Board has the responsibility of informing each Director-elect of such policy and receiving assurance of compliance should such Director-elect agree to serve as a member of the Board.

**Purpose:**

The purpose of this policy is to provide a systematic and ongoing method of assisting members of the Board of Directors in disclosing and resolving potential conflicts of interest, thus assuring the community and the public at large of the good faith and integrity of the officers and members of the Board of Directors in the management of NEF. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

**General Conflict of Interest Procedure:**

1. Each newly-elected Director, prior to taking his/her position on the Board, and all present Directors as soon as practicable after the adoption of this policy, shall disclose, in writing, on the Disclosure Statement, a sample of which is attached, to the President of the Board of Directors, the nature of any external interests that potentially conflict with his/her interest as a Director. Such conflict of interest includes, but is not limited to, directorship, management, consultation, or material business with NEF, or where there is great likelihood that such concern will be doing business with NEF. Such conflict of interest also includes financial interests, defined as any person having directly or indirectly, through business, investment, or family: a) an ownership or investment interest in any entity with which NEF has a transaction or arrangement, or b) a compensation arrangement with NEF or with any entity or individual with which the organization has a transaction or arrangement, or c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NEF is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. Other areas requiring disclosure include the purchase or sale of property or property rights and interests potentially in competition with NEF, and/or the involvement with organizations providing services similar to NEF.
2. Whenever a Director assumes new external interests that potentially conflict with his/her role as a Director of NEF, such individual will disclose, in writing, the nature of such external interests.
3. Questions relating to the possible existence of a conflict of interest may be directed to NEF's legal consultant for his/her review and determination.

4. Whenever a matter being deliberated by the Board of Directors, or any committee or subcommittee of the Board, creates a potential conflict of interest for any Director, such Director will neither vote nor influence the decision of the Board or committee, nor be counted in determining the quorum for the meeting. The foregoing will not be construed as preventing any Director from stating his position on any Board matter, nor from providing information to other Directors on any Board matter. It is expected that following a Director's statement of his position on a given issue, that he/she will leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. The minutes of the meeting will record the name of the person(s) who disclosed conflicting interests, the nature of the conflicting interests and note their abstentia from the discussion and vote. The minutes of the meeting will also reflect the justification for determining the quorum.

5. a. If the board or committee has reasonable cause to believe that a director has failed to disclose actual or possible conflicts of interest, it shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose.

b. If, after hearing the response of the director and making such further investigation as may be warranted under the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

c. If the board or committee has reasonable cause to believe that a director has failed to disclose an actual or possible conflict of interest, then the board or committee shall consider whether another discussion and/or vote on the matter is necessary or appropriate, and management shall refrain to the extent practical from acting on the basis of the initial board or committee action until such reconsideration has occurred.

**NURSES' EDUCATIONAL FUNDS, INC.  
BOARD OF DIRECTORS CONFLICT OF INTEREST  
DISCLOSURE STATEMENT**

Pursuant to the purposes and intent of the policy on conflicts of interest requiring disclosure of certain interests, adopted by the Board of Directors, a copy of which has been furnished to me, I hereby state that I have read and understand the policy and agree to comply with the policy. I understand that the policy applies to all committees and subcommittees having board-delegated powers. I understand that NEF is a charitable organization that must engage primarily in activities that accomplish one or more of their tax-exempt purposes to maintain their tax-exempt status. I hereby state that I and/or members of my immediate family have no affiliations or interests and have taken part in any transaction which, when considered in conjunction with my relation to NEF, might constitute a conflict of interest, except as is noted below. (If none, write "None". Please use additional paper if more space is needed.)

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I also agree to report to the President(s) of the Board of Directors of any situations that may develop in the above areas before completion of the next annual disclosure statement.

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_