

**THE MICRO AND NANOTECHNOLOGY COMMERCIALIZATION
EDUCATION FOUNDATION, INC.**

CONFLICT OF INTEREST POLICY

Definition of Conflict of Interest (“COI”):

“A situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person’s self-interest and professional interest or public interest,” or, “a situation in which a party’s responsibility to a second-party limits its ability to discharge its responsibility to a third-party.”

Comments on COI:

The federal government supports the work of non-profits by offering them tax-exempt status. Because of fraud relating to non-profit organizations, the federal government is taking a stronger stance against non-profits that abuse the privilege of being tax-exempt. The IRS asks questions about how non-profits manage conflicts of interest, and non-profits should be prepared to answer their questions and back up their answers with documentation.

The federal government is not the only one that is interested in a non-profit’s stance on conflicts of interest. Non-profits play an important role in the community, and a breach of trust can harm the community and upset donors. As a result, non-profits such as MANCEF should approve a conflict-of-interest policy, ask all board members, officers, employees, and others in positions of authority to sign it when they are elected or appointed, request that the information be updated periodically, and keep copies of the disclosures in the Corporation’s records.

The law makes a distinction in the definitions of the words “may or might” and “shall,” which is particularly important in the wording of the conflict-of-interest policy. The legal definition of the words “may or might” means that the action the person is taking is optional; they can take the action if they choose to or not, without any consequence. The term “shall” means the acting person is required to take the action, and there is no choice in the matter.

Article I. Purpose

The purpose of this conflict-of-interest policy is to ensure that MANCEF does not violate federal tax laws, and lose its not-for-profit status, due to potential conflicts of interest that may benefit the private interests of a MANCEF officer

or director, or that could result in a possible excess benefit transaction. The intent of this policy is to supplement any applicable state or federal law that governs conflicts of interest that is applicable to non-profit and charitable organizations such as MANCEF.

Article II. Definitions

1. Interested Person: Any director, principal officer, or member of a committee with governing board 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: (1) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement; (2) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or, (3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration, as well as gifts or favors that are not nominal or inconsequential. A Financial Interest is not necessarily a conflict of interest. A person who has a Financial Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists. Article III, Section 2 of IRS Form 1023 clarifies that a person with a Financial Interest may have a conflict only if the governing board or committee has a consensus that a conflict exists.

Article III. Procedures

1. Duty to Disclose:

In connection to any actual or potential conflict of interest, an Interested Person must disclose the existence of a Financial Interest. The Executive Committee or Board of Directors shall provide the Interested Person with an opportunity to disclose all material facts to the Board of Directors, Executive Committee, and committees with governing board-delegated powers, concerning the proposed transaction or arrangement that poses a potential conflict. To aid in disclosure and serve as documentation, each board member and officer shall complete a conflict-of-interest questionnaire at least annually, and more often as needed.

2. Making a Determination of Conflict of Interest:

The Executive Committee shall review all submitted questionnaire responses/disclosures for each officer, board member, director, and committee member with governing powers. After an Interested Person discloses a potential conflict of interest, the Board of Directors or Executive Committee should request that the person in question leave the meeting, if present. The remaining directors or officers shall then discuss the potential conflict of interest and vote on whether it exists. A board member or officer shall disclose a potential conflict to the other directors or officers every time such arises between the interests of a board member or officer and the interests of MANCEF, or if an activity benefits both MANCEF and a board member or officer or his/her organization. In general, if the potential benefit to the board member, the officer, or their organization is minimal, it shall be permitted, especially if other organizations have been given the same opportunities. If, however, the potential benefit to a board member, officer, or their organization is more than minimal, the board member or officer shall recuse himself/herself. Upon the proper recusal of all Interested Persons, the Board of Directors or Executive Committee will, by majority vote, decide on the potential conflict of interest either in favor or against the involved board member(s) or officer(s).

3. Procedures for Managing the Conflict of Interest:

After undertaking a careful review of the facts, the Board of Directors or Executive Committee shall decide whether MANCEF would be able to make arrangements for a different agreement or transaction that does not produce a conflict of interest. During the discussions concerning the determination, the Interested Person shall not be present.

If the Executive Committee or Board of Directors finds there is no alternative transaction or arrangement possible, the Executive Committee or Board of Directors shall determine whether the transaction or agreement is fair, reasonable, beneficial, and in the best interests of MANCEF. The Executive Committee or Board of Directors shall make this determination by majority vote. The majority vote counts as the deciding factor on whether MANCEF shall enter the transaction or arrangement.

4. Disciplinary Action:

If the members of the Executive Committee or Board of Directors reasonably believe an Interested Person failed to disclose an actual or potential conflict of interest, they will inform the officer, board member, director, or committee member that they have preliminarily determined that he/she is an Interested

Person, and provide an opportunity for the Interested Person to offer an explanation about why he or she failed to disclose the conflict or potential conflict of interest. The governing board or committee shall take disciplinary action if they continue to believe that a conflict of interest still exists.

Article IV. Records of Proceedings

The minutes of the governing board and all committees with delegated powers shall contain the names of the persons who disclosed or were found to have a conflict or potential conflict, the nature of the conflict, any action taken by the governing board, and the governing board's decision on the existence of the conflict. The record will also show the names of the individuals present for discussions and votes, alternatives to the vote, and a record of votes taken.

Article V. Annual Statements

The officers of the Executive Committee will ensure that each officer, director, and member of a committee with powers delegated by the Executive Committee, shall sign a statement that affirms that they received a copy of the conflicts of interest policy, have read and understood its contents, and agree to comply with the policy. All of the aforementioned parties shall also testify in writing that MANCEF is a charitable organization and must engage primarily in activities that achieve its tax-exempt purposes.

Article VI. Periodic Reviews

MANCEF shall operate in a manner consistent with its charitable purposes, and shall not engage in activities that may jeopardize its tax-exempt status. The Executive Committee shall conduct periodic reviews to include such issues as whether transactions and agreements present potential conflicts of interest. The reviews shall also inquire about partnerships, joint ventures, and other arrangements, and whether those arrangements conform to MANCEF's written policies, including whether those arrangements are properly recorded and reflect reasonable investments or payments for goods or services.

Article VII. Use of Outside Experts

The governing board or committee may use outside experts when conducting periodic reviews on conflicts of interest. When experts are used, their use does not replace the board's responsibility for conducting future periodic reviews.

Adopted by the Board of Directors by resolution and vote of ____ to ____ on _____, 2021, at _____.

DIRECTORS:

Approving:

Dissenting:
