

NDIA Conflict of Interest Policy

PRIVATE BENEFIT AND INUREMENT

NDIA is prohibited from allowing more than an insubstantial accrual of private benefit to individuals or organizations. This restriction is to ensure that a tax-exempt organization serves a public interest, not a private one. If a private benefit is more than incidental, it could jeopardize the organization's tax-exempt status.

No part of an organization's earnings may inure to the benefit of an insider. An insider is a person who has a personal or private interest in the activities of the organization such as an officer, director, or a key employee. This means that an organization is prohibited from allowing its income or assets to accrue to insiders. An example of prohibited inurement would include payment of unreasonable compensation to an insider. Any amount of inurement may be grounds for loss of tax-exempt status.

If NDIA provides an economic benefit to any person who is in a position to exercise substantial influence over its affairs (that exceeds the value of any goods or services provided in consideration), the organization has engaged in an excess benefit transaction. A public charity that engages in such a transaction must report it to the IRS. Excise taxes are imposed on any person who engages in an excess benefit transaction with NDIA, and on any organization manager who knowingly approves such a transaction.

NDIA

The Duty of Loyalty requires volunteers to exercise their powers in the interest of the corporation, not in their own interest or the interest of another entity or person.

NDIA volunteers must put the Association's interests above any individual or corporate interests and avoid conflicts of interest

A conflict of interest arises when a person in a position of authority over the Association may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated

NDIA volunteers are obligated to identify, disclose, and resolve potential and actual conflicts of interest promptly as they may arise in their professional pursuits and service to the Association.

ARTICLE I

Purpose

The purpose of this conflict of interest policy is to protect the interests of NDIA and promote transparency with respect to (1) transactions that might financially benefit an officer, director, or member of a standing committee, and (2) the appointment to NDIA committees, delegations, and other groups or volunteer positions of individuals who have a business or family relationship with an officer, director, or member of a standing committee.

ARTICLE II

Definitions

- **Interested Person:** Any director, officer, or member of a standing committee who has a Direct Financial Interest or Indirect Financial Interest, as defined below, is an Interested Person.
- **Direct Financial Interest:** A person has a Direct Financial Interest if the person:
 - Has a material ownership or controlling interest in an entity that is a party to a Transaction with NDIA
 - Is compensated by any entity or individual that is a party to a Transaction with NDIA
 - Has an anticipated ownership interest in, or compensation relationship with, any entity or individual with which NDIA is negotiating a Transaction
- **Indirect Financial Interest:** A person has an Indirect Financial Interest if a family member of the person or a business in which the person has a material ownership interest:

- Has a material ownership or controlling interest in any entity that is a party to a Transaction with NDIA;
- Is compensated by any entity or individual that is a party to a Transaction with NDIA; or
- Has an anticipated ownership interest in, or compensation relationship with, any entity or individual with which NDIA is negotiating a Transaction.
- **Direct Personal Interest:** A person has a Direct Personal Interest if the person is nominating or proposing for a committee, delegation, or other group or volunteer position within NDIA someone with whom the person has a business or family relationship.
- **Transaction:** A Transaction is a contractual or other relationship between NDIA and any corporation, firm, entity, agency, organization, or person involving the procurement or transfer of property or the performance of services for money.
- **Action:** An Action is an election or appointment of a person to a committee, delegation, or other group or volunteer position within NDIA.

ARTICLE III

Procedures

- **Duty to Disclose:** An Interested Person will disclose Direct and Indirect Financial Interests in a Transaction and will disclose Direct Personal Interests. Disclosures of Direct and Indirect Financial Interests will be made annually, via a form provided by NDIA, and as they arise in between such annual disclosures. Disclosures of Direct Personal Interests will be made at the time of nomination/proposal and in connection with an Action.
- **Approval of Transactions Involving Interested Persons:** An Interested Person shall not participate in voting with respect to a Transaction or Action. Any committee or body considering a relevant Transaction or Action shall determine by a majority vote of the disinterested members whether the Transaction or Action is in NDIA's best interest and, for Transactions, fair and reasonable to NDIA. The minutes of a meeting at which a Transaction or Action is considered will note that the Interested Person recused themselves.
- **Violations of the Conflicts of Interest Policy:**
 - If the Executive Committee has reasonable cause to believe that an Interested Person has failed to make the disclosures required by this Policy, the Executive Committee shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
 - If, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, the Executive Committee determines that the Interested Person has in fact failed to make a required disclosure, the Executive Committee shall affect whatever disciplinary or corrective action it deems appropriate.