

# APPA CONFLICT OF INTEREST POLICY

## ARTICLE I: PURPOSE

The Association is committed to maintaining the highest standards of ethical conduct and transparency in all its operations and governance activities. This Conflict of Interest Policy ensures that decisions made by the Board of Directors, committees, and leadership are based solely on the best interests of the Association and its mission, free from personal, financial, or professional interests that could compromise objective judgment.

This policy serves to:

- Protect the integrity of the Association's decision-making processes
- Ensure compliance with legal and fiduciary obligations
- Foster transparency and accountability in governance
- Maintain public trust and confidence in the Association
- Provide clear procedures for identifying, disclosing, and managing conflicts of interest

This policy supplements, but does not replace, applicable federal and state laws governing conflicts of interest for nonprofit organizations, including the District of Columbia Nonprofit Corporation Act.

All individuals covered by this policy have a duty to place the interests of the Association above personal interests and to conduct themselves in a manner that avoids even the appearance of impropriety.

## ARTICLE II: DEFINITIONS

### Section 1. Covered Persons

This policy applies to the following individuals (collectively referred to as "Covered Persons"):

#### a. All members of the Board of Directors, including:

- Executive Committee members (Chair, Chair-Elect, Treasurer, Treasurer-Elect)
- Regional Directors
- Business Partner Director
- At-Large Directors

#### b. All committee members, including:

- Standing committees (Finance Committee, Awards & Recognition Committee, Business Partner Advisory Committee, Professional Development Advisory Committee)
- Ad hoc committees (Nominating Committee, Bylaws Committee, and any other committees established by the Board)

#### c. Senior staff:

- Chief Executive Officer (CEO)
- Chief Operating Officer (COO)

## **Section 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 Association has a transaction or arrangement;
- b. A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

For purposes of this policy, "compensation" includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A gift or favor is considered substantial if it exceeds \$50 per occasion or \$250 annually from any single source, or could reasonably be perceived as influencing judgment regardless of value.

### ***Exception for APPA Programs***

Reasonable honoraria paid to Board or committee members for delivering APPA programs, speaking engagements, or content creation for APPA publications do not constitute a financial interest under this policy, provided such compensation is:

- Consistent with APPA's standard rates for similar services
- Not contingent on governance decisions or votes
- Disclosed annually in the conflict of interest disclosure statement

This exception does not apply to Board or committee votes concerning the establishment of honoraria rates, approval of programs in which the individual is participating, or other matters directly related to such compensation arrangements.

### ***Exception for Business Expense Reimbursement***

Reimbursement of reasonable and actual business expenses incurred in connection with Association service (including travel, lodging, meals, and other expenses) in accordance with the Association's expense reimbursement policies does not constitute a financial interest.

## **Section 3. Other Interest**

A person has an **other interest** if the person has professional, business, family, volunteer, or other personal relationships or responsibilities outside the Association that could reasonably predispose or bias the individual toward a particular view, goal, or outcome in matters before the Board or committee.

Examples of other interests that should be disclosed include, but are not limited to:

- Serving in a leadership role with an organization that has a contractual, financial, or competitive relationship with APPA
- Close family relationships with APPA employees, vendors, or individuals who would be directly affected by a specific Board or committee decision
- Financial or advisory relationships with entities competing for APPA contracts or partnerships

- Leadership roles in organizations whose positions on policy matters may conflict with APPA's interests

#### **Section 4. Conflict of Interest**

A **conflict of interest** exists when a Covered Person's financial interest or other interest could reasonably be expected to impair the person's objectivity, independence, or loyalty to the Association in carrying out their duties and responsibilities.

**Important:** Having a financial interest or other interest does not automatically constitute a conflict of interest. Under Article III, Section 2, the Board or committee must determine whether a disclosed interest rises to the level of an actual conflict of interest.

#### **Section 5. Special Provisions for Business Partner Director**

The Business Partner Director serves in a unique capacity, representing Business Partner Members who have inherent commercial relationships with educational institutions. The following provisions apply:

**a. Inherent Business Interests:** The Business Partner Director's employment by or ownership of a Business Partner Member organization does not, by itself, constitute a conflict of interest for purposes of general Board governance, strategic planning, or policy development.

**b. Transaction-Specific Conflicts:** The Business Partner Director must disclose and recuse themselves from discussions and votes involving:

- Specific vendor selection or procurement decisions involving their organization or direct competitors
- Contract negotiations or terms with their organization
- Matters where their organization would receive direct financial benefit distinct from the general benefit to all Business Partner Members

**c. Aggregate Business Partner Interests:** The Business Partner Director may participate in and vote on matters affecting Business Partner Members as a category, including membership policies, dues structures, and programs benefiting Business Partner Members generally.

### **ARTICLE III: PROCEDURES**

#### **Section 1. Duty to Disclose**

All Covered Persons have an affirmative duty to disclose actual or potential conflicts of interest promptly and fully.

##### ***Annual Disclosure***

Each Covered Person shall complete and sign an annual conflict of interest disclosure statement on the form provided by the Association. Annual disclosure statements shall be submitted to the CEO:

- Upon initial appointment or election to the Board or committee
- Annually in conjunction with the Annual Meeting

- Promptly, and no later than 30 days, following any material change in circumstances that creates a new actual or potential conflict

### ***Meeting-Specific Disclosure***

In connection with any specific matter under consideration by the Board or a committee, a Covered Person who has or may have a financial interest or other interest in the matter must:

- Disclose the existence and nature of the interest at the earliest opportunity
- Provide all material facts relevant to the potential conflict
- Make such disclosure before discussion or action on the matter

### ***Scope of Disclosure***

Disclosures must include:

- The nature and extent of the financial interest or other interest
- The entity or individual involved
- Any relevant facts that would assist the Board or committee in evaluating whether a conflict exists
- Whether the interest is direct (involving the Covered Person) or indirect (involving a family member, business associate, or entity in which the person has an interest)

### ***Ongoing Obligation***

The duty to disclose is continuing. If circumstances change during the course of deliberations or if a Covered Person becomes aware of information not previously disclosed, the person must immediately provide updated disclosure.

## **Section 2. Determining Whether a Conflict of Interest Exists**

### ***Process for Determination***

**a.** When a Covered Person discloses a financial interest or other interest in connection with a matter before the Board or committee, the Chair shall provide an opportunity for the Covered Person to present relevant information and answer questions.

**b.** After disclosure of the interest and all material facts, and after any discussion with the Covered Person, the Covered Person shall leave the meeting while the determination of whether a conflict of interest exists is discussed and voted upon. The Covered Person may not participate in or be present for the discussion or vote on whether a conflict of interest exists.

**c.** The remaining Board or committee members, by majority vote of those present, shall decide whether a conflict of interest exists.

### ***Factors to Consider***

In determining whether a disclosed interest constitutes a conflict of interest, the Board or committee should consider:

- Whether the interest could reasonably impair the person's objectivity or independence
- The materiality of the interest to the person and to the Association

- Whether the matter involves a direct benefit to the person or entity in which they have an interest
- Whether the appearance of impropriety could damage the Association's reputation or credibility
- The nature and importance of the person's participation in the decision

### ***Chair or Executive Committee Authority***

If a potential conflict arises during a meeting and immediate action is required, the Chair or Executive Committee may make a preliminary determination that a conflict exists and request the Covered Person to recuse themselves, subject to review by the full Board or committee at that meeting or the next scheduled meeting.

### ***Voluntary Recusal***

A Covered Person who believes they have a conflict of interest may voluntarily recuse themselves from discussion and voting without requiring a formal determination by the Board or committee. The Chair or Executive Committee may determine that the voluntary recusal was unnecessary and invite the person to rejoin the discussion. All voluntary recusals, whether sustained or reversed, shall be documented in the meeting minutes.

## **Section 3. Procedures for Addressing the Conflict of Interest**

### ***Recusal from Discussion and Vote***

**a.** Once a conflict of interest has been determined to exist, the Covered Person shall recuse themselves from further participation in the matter, including:

- Participating in or being present for any discussion or deliberation
- Voting on the matter
- Attempting to influence improperly the deliberation or voting on the matter

**b.** The Covered Person may, before recusing themselves, provide factual information relevant to the decision if requested by the Board or committee.

### ***Prohibited Conduct During Recusal***

A Covered Person who has recused themselves may not:

- Lobby other Board or committee members outside of the formal meeting
- Use their position or relationships to advocate for a particular outcome
- Participate in informal discussions or communications about the matter
- Be present in the room during deliberations (except when providing requested factual information)

This does not prohibit the person from responding to direct questions about factual matters if specifically invited to do so by the Chair.

### ***Investigation of Alternatives***

The Chair of the Board or committee may, if appropriate, appoint a disinterested person or subcommittee to investigate alternatives to a proposed transaction or arrangement that gives rise to a conflict of interest.

### ***Decision-Making Process***

**a.** After exercising due diligence, the Board or committee shall determine whether the Association 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.

**b.** If a more advantageous transaction or arrangement is not reasonably available under circumstances that do not produce a conflict of interest, the Board or committee shall determine by a majority vote of disinterested members whether the transaction or arrangement is:

- In the Association's best interest
- For the Association's benefit
- Fair and reasonable to the Association

**c.** In conformity with the above determination, the Board or committee shall decide whether to enter into the transaction or arrangement.

### ***Universal or Widespread Conflicts***

If a conflict of interest affects all or substantially all members of the Board or committee such that a quorum of disinterested members cannot be achieved:

**a.** The Chair shall report the situation to the full Board (if the conflict exists within a committee) or to legal counsel (if the conflict exists within the Board itself)

**b.** The Board may:

- Establish an ad hoc committee of disinterested individuals to make a recommendation
- Engage independent advisors or legal counsel to evaluate the matter
- Defer the decision until the conflict can be resolved
- In extraordinary circumstances, seek guidance from legal counsel on appropriate procedures to address the matter while protecting the Association's interests

***Documentation***

All determinations and decisions made under this section shall be documented in the meeting minutes as specified in Article IV.

**Section 4. Violations of the Conflict of Interest Policy**

***Investigating Suspected Violations***

**a.** If the Board or committee has reasonable cause to believe a Covered Person has failed to disclose an actual or possible conflict of interest, the Chair shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.

**b.** The Covered Person shall be provided with written notice of the concerns and given reasonable time (not less than 14 days) to prepare and present a response.

**c.** The Covered Person may not participate in or vote on any determination regarding their own alleged violation or on disciplinary actions to be taken.

**d.** If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Board or committee determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

***Disciplinary and Corrective Actions***

Depending on the severity and circumstances of the violation, appropriate actions may include:

**a. Warning:** A formal written warning placed in the Covered Person's file, with a requirement for enhanced disclosure and monitoring

**b. Required Training:** Mandatory ethics or conflict of interest training

**c. Removal from Committee:** Removal from committee membership or committee leadership position

**d. Suspension:** Temporary suspension from Board or committee participation pending further review

**e. Removal from Board:** Recommendation to remove the person from the Board (subject to procedures established in the Bylaws or applicable law)

**f. Reversal of Action:** If a transaction or arrangement was approved based on incomplete or inaccurate information due to failure to disclose, the Board may take action to reverse, modify, or terminate the transaction or arrangement

**g. Referral:** In cases involving potential legal violations, referral to legal counsel or appropriate authorities

### ***Factors in Determining Appropriate Action***

In determining the appropriate disciplinary action, the Board or committee should consider:

- Whether the failure to disclose was intentional or inadvertent
- Whether the person benefited from the undisclosed conflict
- The materiality of the conflict to the decision
- Whether harm resulted to the Association
- The person's history of compliance with this policy
- Whether the person cooperated with the investigation

### ***Appeals***

A Covered Person who is subject to disciplinary action under this policy may request review by the Executive Committee. For actions involving suspension or removal from the Board, the appeal shall be heard by the full Board, with the person under review recused from participation. The decision on appeal shall be final, except that the Board may seek guidance from legal counsel in extraordinary circumstances.

## **ARTICLE IV: RECORDS OF PROCEEDINGS**

### **Meeting Minutes Requirements**

The minutes of Board and committee meetings at which conflicts of interest are disclosed or addressed shall contain:

#### **a. Disclosure Information:**

- The name(s) of the person(s) who disclosed or were found to have a financial interest or other interest
- The nature and extent of the interest disclosed
- A summary of the information provided by the person regarding the interest

#### **b. Determination of Conflict:**

- Any action taken to determine whether a conflict of interest existed
- The Board's or committee's decision as to whether a conflict of interest existed
- The basis for the determination

#### **c. Actions Taken:**

- Whether the person recused themselves (voluntarily or as required)
- When the person left the meeting and when (if applicable) they returned
- The names of all persons present for discussions and votes
- The content of the discussion, including any alternatives considered
- A record of all votes taken, including the vote count

#### **d. Final Decisions:**

- The decision reached regarding the transaction or arrangement
- The rationale for approving or rejecting the matter

### **Confidentiality and Access**

**a.** Meeting minutes documenting conflict of interest matters are confidential governance records.

**b.** Minutes shall be maintained in accordance with the Association's document retention policy.

**c.** Access to conflict of interest records shall be limited to:

- Board members
- Committee members (for matters within their committee's purview)
- Legal counsel
- Auditors as necessary for audit purposes
- Other persons as authorized by the Board Chair or Executive Committee

**d.** If conflict of interest records are requested through legal process (subpoena, court order, or similar demand), the matter shall be immediately referred to legal counsel for appropriate response.

### **Annual Disclosure Statement Records**

**a.** Annual conflict of interest disclosure statements shall be maintained by the CEO in a confidential file.

- b.** Disclosure statements shall be made available to:
- The Board Chair and Executive Committee at any time
  - All Board members and committee members for review
- c.** A summary report indicating compliance with annual disclosure requirements (without disclosing specific conflicts) shall be provided to the Board annually.

### **Retention Period**

All conflict of interest records, including annual disclosure statements and meeting minutes documenting conflict determinations, shall be retained in accordance with the Association's document retention policy and applicable law, but in no event for less than seven years.

## **ARTICLE V: COMPENSATION**

### **Section 1. Prohibition on Voting on Own Compensation**

- a.** A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Association 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 Association for services is precluded from voting on matters pertaining to that member's compensation.
- c.** For purposes of this Article, "compensation" includes salary, benefits, bonuses, severance, consulting fees, and any other form of remuneration for services, but does not include:
- Reimbursement of reasonable business expenses as described in Article II, Section 2
  - Honoraria for APPA programs as described in Article II, Section 2

### **Section 2. Providing Information**

No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to the Board or any committee regarding compensation matters. Such information may include market data, performance information, or other factual matters relevant to compensation decisions.

### **Section 3. CEO Compensation**

- a.** The CEO may not participate in or be present for Board discussions or votes concerning the CEO's compensation, performance evaluation, or employment terms.
- b.** CEO compensation shall be determined by the Board of Directors based on the recommendation of the Executive Committee following the annual CEO evaluation process.

## **Section 4. Independence in Compensation Decisions**

All compensation decisions shall be made by disinterested members of the Board or committee. For purposes of this section, a "disinterested" member is one who:

- d. Is not the person whose compensation is being determined
- e. Is not a family member of the person whose compensation is being determined
- f. Does not have a business relationship with the person that could affect objectivity
- g. Does not receive compensation from the Association (other than expense reimbursement or honoraria for APPA programs as described in Article II)
- h. Would not receive any direct or indirect financial benefit from the compensation decision beyond their role as a Board or committee member

At least three disinterested Board members must participate in any executive compensation decision.

## **Section 5. Comparability and Documentation**

When determining compensation for the CEO or other key employees, the Board or authorized committee shall:

- a.** Review comparability data from similar organizations, including:
  - Comparable positions at nonprofit associations of similar size, budget, and complexity
  - Industry compensation surveys and benchmarking data
  - Geographic market considerations
- b.** Document the basis for the compensation decision in meeting minutes, including:
  - The comparability data reviewed
  - The individuals or firms that provided the data
  - The deliberation process
  - The rationale for the compensation level approved
- c.** Make compensation decisions in advance of payment and document the decision contemporaneously.

This process establishes a rebuttable presumption of reasonableness under IRS regulations and protects the Association and its Board members from intermediate sanctions penalties.

## **ARTICLE VI: ANNUAL DISCLOSURE AND COMPLIANCE**

### **Section 1. Annual Acknowledgment and Disclosure Statement**

Each Covered Person shall annually complete, sign, and submit to the CEO a Conflict of Interest Acknowledgment and Disclosure Statement that:

- i. Affirms that the person has received a copy of this Conflict of Interest Policy
- j. Affirms that the person has read and understands the policy
- k. Agrees to comply with the policy
- l. Discloses any financial interests or other interests that could give rise to conflicts of interest

### **Section 2. Timing of Annual Disclosure**

Annual disclosure statements shall be submitted:

- m. Upon initial appointment or election to the Board or committee, before beginning service
- n. Annually in conjunction with the Annual Meeting
- o. Promptly, and no later than 30 days, following any material change in circumstances

### **Section 3. Form of Disclosure Statement**

The Association shall maintain a standard Conflict of Interest Acknowledgment and Disclosure Form for use by all Covered Persons. The form shall be reviewed periodically and updated as necessary to ensure compliance with legal requirements and best practices.

### **Section 4. CEO Responsibilities**

The CEO shall:

- p. Distribute annual disclosure forms to all Covered Persons in advance of the Annual Meeting
- q. Maintain confidential files of all completed disclosure statements
- r. Provide a compliance summary report to the Board annually, indicating:
  - The number and percentage of Covered Persons who have submitted annual disclosures
  - Any compliance issues or concerns
  - General trends in disclosed interests (without identifying specific individuals)
- s. Follow up with any Covered Persons who have not submitted required disclosures
- t. Make disclosure statements available to Board members and committee members as specified in Article IV

### **Section 5. Board Chair Responsibilities**

The Board Chair shall:

- u. Ensure that new Board members receive a copy of this policy and complete disclosure statements before their first Board meeting

- v. Remind Board and committee members of their ongoing disclosure obligations
- w. Address any questions or concerns about policy interpretation
- x. Initiate investigation of potential violations as specified in Article III, Section 4

## **Section 6. New Member Orientation**

All new Board and committee members shall receive orientation on this Conflict of Interest Policy, including:

- y. The purpose and importance of the policy
- z. What constitutes a conflict of interest
- aa. How to identify potential conflicts
- bb. Disclosure and recusal procedures
- cc. Examples of common conflict scenarios relevant to APPA

## **Section 7. Periodic Policy Review**

This policy shall be reviewed by the Board of Directors at least every three years to ensure it remains current with legal requirements, governance best practices, and the Association's needs. Updates and amendments to this policy require approval by the Board of Directors.

## **ARTICLE VII: AMENDMENTS**

This Conflict of Interest Policy may be amended by a majority vote of the Board of Directors at any meeting at which a quorum is present, provided that:

- dd. Proposed amendments are distributed to all Board members at least 14 days prior to the vote
- ee. The rationale for the amendment is explained in writing
- ff. Amendments are reviewed by legal counsel when appropriate to ensure continued compliance with applicable law

## **ARTICLE VIII: EFFECTIVE DATE AND ADOPTION**

This Conflict of Interest Policy was adopted by the APPA Board of Directors on February 2, 2026 and supersedes all previous conflict of interest policies.

**Last Reviewed:** February 2, 2026

**Next Review Due:** February 2029

**END OF POLICY**