

SOUTHEAST, INC.

Area: Board of Directors
Subject: Conflict of Interest

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Approved by: Board of Directors

Signatory: Chief Executive Officer

CONFLICT OF INTEREST

POLICY:

The purpose of the conflict of interest policy is to protect Southeast, Inc.'s tax-exempt interest when it is contemplating a transaction or arrangement that might benefit the private interest of a member of the Board of Directors ("the Board") or an officer or key employee or agent of Southeast or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

No Board member shall be an employee or an immediate family member of an employee of Southeast, Inc. Further, no Board member shall be considered for employment until at least two years have elapsed since the person was a Board member. No employee shall be considered for Board membership unless two years have elapsed since the person's last date of employment.

Employees, board members, or agents are prohibited from participating in the selection, award, or administration of a contract supported by federal or any other funding source if a real or apparent conflict of interest would be involved.

DEFINITIONS:

- A. Interested Person – Any member of the Board or an officer or key employee of Southeast who has a direct or indirect Financial Interest, as defined below, is an Interested Person.
- B. Conflict of Interest – a conflict would arise when a health center employee, board member or agent, or any member of his or her immediate family, his or her partner, or an organization that employs, or is about to employ, any of the parties indicated herein, has a financial or other interest in the firm selected for an award. A person has a financial or other interest if the person has, directly or indirectly, through business, investment, or family:
 - 1. An ownership or investment interest in any entity with which Southeast has a transaction or arrangement;
 - 2. A compensation arrangement with Southeast or with any entity or individual with which Southeast has a transaction or arrangement; or
 - 3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Southeast is negotiating a transaction or arrangement.

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- C. Immediate Family Member - a person's spouse or domestic partner; parents, children, siblings, grandparents, and grandchildren whether biological or through adoption or guardianship, and immediate in-laws.
- D. Key Employee – A Southeast staff member who is a member of the Southeast Executive Team.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. As set forth below, a person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

PROCEDURES:

A. Duty to Disclose

In connection with any actual or possible conflict of interest, the Board member and/or the interested person must promptly disclose the existence of a financial interest and/or immediate family relationship and be given the opportunity to disclose all material facts to the President of the Board and/or the CEO of Southeast.

B. Determining Whether a Conflict of Interest Exists

1. After disclosure of the financial interest and all material facts by an interested person, and after any discussion with the interested person, the President of the Board and/or the CEO of Southeast shall refer the matter to the full Board of Directors or to a committee or individual with Board-delegated powers.
2. The Board or committee or individual with Board-delegated powers may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. If an alternative transaction or arrangement not producing a conflict of interest is not reasonably possible or desirable, the Board shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in Southeast's best interest and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to allow the transaction or arrangement.

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No Board member, officer, employee, contractor, or agent may solicit or accept gifts, gratuities, favors, or anything of value from contractors or potential contractors or from parties or potential parties to sub-agreements (e.g., subcontracts and sub-grants). A "gift" means anything offered directly by or on behalf of a contractor or potential contractor, other than promotional materials of little or nominal value such as pens, calendars, mugs, and other items intended for wide distribution and not easily resold. Gifts include (but are not limited to): personal gifts, such as sporting goods, household furnishings and liquor; social entertainment or tickets to sporting events; personal loans or privileges to obtain discounted merchandise, and the like. Every Board member, officer, employee, contractor, and agent will decline or return any gift and notify the Chief Executive Officer of such gift.

C. Failure to comply with the Conflict of Interest Policy

1. If the Board, any member of the Board, or an officer or key employee of Southeast has reasonable cause to believe another member of the Board or an officer or key employee of Southeast has failed to disclose actual or possible conflicts of interest, he/she shall inform the President of the Board and/or the CEO of Southeast and the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.
2. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Board determines the individual has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action.
3. Employees violating this policy are subject to disciplinary action according to policy 07.08.01.00 Disciplinary Action and Dismissal.

D. Records of Proceedings

The minutes of the Board shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest and/or immediate family relationship in connection with a conflict of interest, the nature of the financial interest or immediate family relationship, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
3. A Board member with a conflict of interest in any Board proceeding shall not participate in the discussion and will be excused from the discussion and voting portion of the meeting. The minutes shall reflect that the member has been excused from both.

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E. Annual Statements

Each member of the Board or officer or key employee of Southeast to which this policy applies shall annually sign a Conflict of Interest Form which acknowledges and affirms such person:

1. Has received a copy of the conflict of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands Southeast is a charitable organization and in order to maintain its tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

F. Periodic Reviews

To insure Southeast operates in a matter consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable for the transaction or arrangement based on competent survey information and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to Southeast's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in private inurement, impermissible private benefit or in an excess benefit transaction.
3. When conducting the periodic reviews Southeast may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

RESPONSIBILITIES:

Board of Directors
Officers
Key Employees

FORMS

Conflict of Interest Form