

## **Kentucky Dental Association Conflict of Interest Policy**

### **Article I**

#### **Purpose**

The purpose of the conflict-of-interest policy is to protect the interest of the Kentucky Dental Association as a tax-exempt organization when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or board member of the Kentucky Dental Association 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.

### **Article II**

#### **Definitions**

##### **1. Interested Person**

Any Executive Board member, principal officer, or member of a committee with Executive Board delegated powers, which 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:

- a. An ownership or investment interest in any entity with which the Kentucky Dental Association has a transaction or arrangement,
- b. A compensation arrangement with the Kentucky Dental Association or with any entity or individual with which the Kentucky Dental 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 Kentucky Dental Association is negotiating a transaction or arrangement.
  - Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial
  - 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. Under Article III, Section 2, 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**

#### **Procedures**

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

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Executive Board and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

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

After disclosure of the financial interest and all material facts, and after any

discussion with the interested person, he/she shall leave the Executive Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Executive Board or committee members shall decide if a conflict of interest exists.

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

- a. An interested person may make a presentation at the Executive Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The Chairperson of the Executive Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Executive Board or committee shall determine whether the Kentucky Dental 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.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Executive Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Kentucky Dental Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

### **4. Violations of the Conflicts of Interest Policy**

- a. If the Executive Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Executive Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **Article IV**

### **Records of Proceedings**

The minutes of the Executive Board and all committees with Executive Board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Executive Board's or committee's decision as to whether a conflict of interest in fact existed.
- b. 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.

**Article V**  
**Compensation**

**Article VI**  
**Annual Statements**

Each Executive Board member, principal officer and member of a committee with Executive Board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Kentucky Dental Association is a non-profit organization and in order to maintain its federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

**Article VII**  
**Periodic Reviews**

To ensure the Kentucky Dental Association operates in a manner consistent with nonprofit purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Kentucky Dental Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Article VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Kentucky Dental Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Executive Board of its responsibility for ensuring periodic reviews are conducted.

**This Conflict-of-Interest policy is to be distributed annually to all members of the Board of Directors and officers of the KDA. A statement must be signed indicating that each Board Member and officer has read the policy and agrees to abide by it. Any financial conflict of interest with the Kentucky Dental Association shall be disclosed at this time, or at such time when such conflict arises. The following statement must be signed.**

I, the undersigned, affirm the following:

- a. I have received a copy of the Conflict-of-Interest Policy.
- b. I have read and understand the policy.
- c. I agree to comply with the policy, and
- d. I understand the Kentucky Dental Association is a non-profit organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.
- e. I have disclosed below any financial conflicts of interest that I have with the Kentucky Dental Association

Conflict: \_\_\_\_\_  
\_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_