

## **CONFLICT OF INTEREST POLICY FOR Richmond Elementary School, Inc.**

### **PURPOSE**

The aforementioned organization, including its trustees, officers and employees, have a clear obligation and commitment to conduct all affairs of the organization in accordance with the highest standards of integrity and ethics and in compliance with applicable federal and state laws and with the standards set forth below related to conflicts of interest and commitment to the best interests of the organization.

All employees must avoid conflicts of interest or any appearance of conflicts between their own personal interest and the interest of the organization. All employees are obligated to avoid any situation in which an actual or potential conflict of interest could arise. Any situation or activity involving a potential conflict of interest must be disclosed in advance in accordance with the policy and procedures set forth below.

This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to our organization.

### **DEFINITIONS**

For purposes of this policy, the following definitions apply:

**Interested person** - Any director, principal officer or member of a committee with governing board-delegated powers, who had a direct or indirect financial interest, as defined below, is an interested person.

**Financial interest** -A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- X An ownership or investment interest in any entity with which Richmond Elementary School, Inc. has a transaction or arrangement.
- X A compensation arrangement with Richmond Elementary School, Inc. or with any entity or individual with which the organization has a transaction or arrangement.
- X A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization is negotiating a transaction or arrangement.

The term 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.

### **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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

## **DUE DILIGENCE PROCEDURES**

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. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, she shall leave the meeting of the governing board or committee while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the organization 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.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the organization'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.

## **POLICY VIOLATIONS**

If the governing 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. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriated disciplinary and corrective action.

## **DOCUMENTATION**

The minutes of the governing board and all committees with board-delegated shall contain:

- X 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
  
- X 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.

## **COMPENSATION MATTERS**

A voting member of the governing board who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to his compensation. Likewise, a voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to his committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to their compensation.

## **ANNUAL STATEMENTS**

Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement attesting to the fact that they:

- X Have received a copy of the conflict-of-interest policy.
- X Have agreed to comply with the policy.
- X Understand the organization is charitable 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.

## **PERIODIC REVIEW**

To ensure that Richmond Elementary School, Inc. operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic review shall be conducted. The periodic review shall, at a minimum, include:

- X Whether compensation arrangement and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- X Whether partnership, joint ventures, and arrangements with management organizations conform to the organization's written policies, are properly recorded, reflect reasonable investments or payments, for goods and services, further charitable purposed, and do not result in inurement, impermissible private benefit or an excess benefit transaction.

## **USE OF OUTSIDE EXPERTS**

When conducting periodic reviews, the organization, may, but need not, use outside advisers. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic review are conducted.

**Any questions concerning this policy should be addressed to the organization's legal department.**

