

CHATHAM PARK ELEMENTARY SCHOOL HOME AND SCHOOL ASSOCIATION

Conflicts of Interest and Ethics Policy

Adopted by the Board of Directors on November 9, 2023

- Why is a Conflict of Interest Policy Important?
 - Key staff and volunteers must make decisions based on the best interests of Chatham Park Elementary School Home and School Association (the “Corporation” or “HASA”), not decisions that, directly or indirectly, further their own interests or the interests of a third party.
 - This duty of loyalty is a legal duty that is imposed under state and federal law.
 - A conflict of interest policy protects both the Corporation and its leaders by assuring that potential conflicts are identified on a timely basis and appropriately addressed.
 - The IRS Form 990 asks whether the Corporation has a written conflict of interest policy and procedure for reporting potential conflicts of interest.

- How do potential conflicts arise?
 - A potential conflict of interest can arise when the Corporation is considering taking some action that also benefits the private interests of an influential person at the Corporation (i.e. board and committee members, key employees). For example, a contract with a company owned by a Board member, or his/her family member, could create a conflict of interest.
 - Even if the person thinks they can be impartial, it is important to report the potential conflict so that the Corporation is aware of it before any action is taken.

- Resolving Potential Conflicts of Interest
 - It is very important that any potential conflict be disclosed and resolved before the Board takes action on the matter where a conflict may exist.
 - Disclosure is made as a written response to a “Conflicts of Interest Annual Questionnaire”. When potential conflicts are disclosed, the Audit Committee, if there is one and, if not, the Board, will evaluate whether or not they pose a true conflict.
 - This evaluation will not involve the interested party.
 - The review process and the decision reached will be documented in the minutes of the meeting.

- Reporting Potential Conflicts of Interest is Important

- Because the Corporation’s leaders are also often business leaders who have relationships with the Corporation, it is not unusual for potential conflicts of interest to occur.
 - It is important to report all potential conflicts of interest so that the Corporation has complete transparency when making decisions.
 - If the Corporation makes decisions without knowing all the facts, it can lead to public embarrassment, legal penalties and loss of public trust.
 - A reporting procedure and Annual Questionnaire require the Corporation’s leaders to be forthcoming in notifying the Corporation of any potential conflict of interest so that the Corporation’s integrity and reputation are not harmed by real or perceived inappropriate conduct.
- Duty of Continuous Reporting
 - All Corporation’s leaders must understand that the “duty to disclose” is continuous.
 - If any potential conflict of interest arises after the Annual Questionnaire has been submitted, it should be disclosed in writing to the Chief Financial Officer (if no such officer exists, then the Treasurer).
 - Failure to timely and adequately respond to the Annual Questionnaire, or to make any subsequent disclosure, is grounds for Board action.

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ARTICLE I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (the "Organization's") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization 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 director, principal, officer, or member of a committee with governing board delegated powers, who 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 members (spouse, parents-in-law, siblings (either biological, step or half siblings), brother/sister-in-law, grandchildren, great-grandchildren, aunts and uncles, and spouses of these individuals):
 - a. An ownership or investment in any entity with which the Organization has a transaction or arrangement,
 - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.
 - d. A director, manager, principal, officer or member of a committee with governing board-delegated powers must also refrain from using his/her position for personal gain, and avoid acting on issues in which his/her personal or financial interests could conflict with the interests of the Organization.
 - e. Compensation includes direct and indirect remuneration as well as gifts or favors that aren't insubstantial. A financial interest isn't 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 directors 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 governing board or committee meeting 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.
3. Procedures for Addressing the Conflict of Interest.
 - a. An interested person may make a presentation at the governing 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 governing 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 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.
 - d. If a more advantageous transaction or arrangement isn't 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.
4. Violations of the Conflict-of-Interest Policy.
 - a. 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 relief 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 governing 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 governing board and all committees with 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 governing 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 discussion 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

- a. 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 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 Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of any governing board or any committee whose jurisdiction includes compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI
Annual Statements

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a Conflicts of Interest Disclosure (*see* Schedule 1) which affirms such person:

- a. Has received a copy of the conflict of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable 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.

ARTICLE VII
Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and doesn't 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 Organization's written policies, are properly recorded, reflect reasonable investment or payment for goods and services, further charitable purposes and don't result in inurement, impermissible private benefit, or in an excess benefit transaction.

ARTICLE VIII
Use of Outside Experts

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

ARTICLE IX
Code of Ethics

1. In conducting business and activities in connection with the Organization, an Interested Person shall follow these guidelines:

- a. Ethical Conduct. Be honest and ethical in his/her conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships. An Interested Person should not engage in activities which have or may have the appearance of impropriety or conflict of interest, or that may call into question the actions or integrity of the Organization, or of the Interested Person as he/she relates to the Organization.
- b. Legal Compliance. Comply with all applicable laws and regulations and report concerns as per Article III if it appears that any other director, officer, employee, volunteer, or similarly situated person is not complying with applicable laws or regulations with respect to the Organization's business.
- c. Confidentiality. Maintain the confidentiality of all internal information about the Organization, including its donors, clients and beneficiaries, except when authorized or otherwise legally obligated to disclose such information.
- d. Fair Dealing. Deal fairly with the Organization's staff, donors, volunteers, beneficiaries, and clients.
- e. Product Assets. Protect and ensure the proper use of the Organization's assets, including its name, goodwill, donor community and reputation.
- f. Personal Influence. Be mindful of the interaction between his/her relationships inside and outside the Organization, and not allow inappropriate influence over the affairs of the Organization.
- g. Commitments. Do not "speak for" the Organization or make or imply commitments by the Organization without proper internal authorization and communication.
- h. Dignity and Respect. Treat every individual with whom you interact on behalf of the Organization with dignity and respect and an awareness that your behavior, at all times, will reflect on the Organization.

SCHEDULE 1
CHATHAM PARK ELEMENTARY SCHOOL
HOME AND SCHOOL ASSOCIATION

Conflicts of Interest Disclosure Form

The undersigned, as a director, manager, principal, officer, or member of a committee with governing board delegated powers of Chatham Park HASA acknowledges that:

1. He/She has received a copy of the Organization’s “Conflict of Interest and Ethics Policy” (the “Policy”);
2. He/She has read and understands the Policy;
3. Her/she has agreed to comply with the Policy;
4. Her/she understands 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; and
5. The following on-going relationships may present a conflict of interest: (disclosures should address current affiliations, as well as past affiliations since involvement with the Organization, and should include all of the following: the undersigned’s employer, all corporations (nonprofit or for-profit) of which the undersigned is a board member or officer, and the names of the undersigned’s family members (as defined in Article II, section 2 of the Conflict of Interest and Ethics Policy) or business affiliates or any other relationships the undersigned believes may present a potential conflict).

I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Name: _____

Title: _____

Signature: _____

Date: _____