

Hilliard Memorial Middle School Parent Teacher Organization, Conflict of Interest Policy

ARTICLE I. **Purpose**

Section 1. The purpose of the conflict of interest policy is to protect the Hilliard Memorial Middle School Parent Teacher Organization, Inc. (herein referred to as the Hilliard Memorial PTO) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or board member of the Hilliard Memorial PTO 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. **Definition**

Section 1. Interested Person: Any officer, board member 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.

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 Hilliard Memorial PTO has a transaction or arrangement, or
- B. A compensation arrangement with the Hilliard Memorial PTO or with any entity or individual with which the Hilliard Memorial PTO 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 Hilliard Memorial PTO is negotiating a transaction or arrangement.

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 Hilliard Memorial PTO executive board decides that a conflict of interest exists.

ARTICLE III. **Procedures**

Section 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 Hilliard Memorial PTO executive board.

Section 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 meeting while the determination of a conflict of interest is discussed and voted upon. The remaining executive board members shall decide if a conflict of interest exists.

Section 3. Procedures for Addressing the Conflict of Interest

- A. An interested person may make a presentation at the executive board 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 president of the executive board 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 shall determine whether the Hilliard Memorial PTO 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 the circumstances not producing a conflict of interest, the executive board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Hilliard Memorial PTOs 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.

Section 4. Violations of the Conflicts of Interest Policy

- A. If the executive board 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 members response and after making further investigation as warranted by the circumstances, the executive board

determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

ARTICLE IV. Recordings 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 decision as to whether a conflict 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

No member of the executive board may vote on matters pertaining to his/her compensation, whether compensation is directly or indirectly received from the Hilliard Memorial PTO. Members of the executive board are also prohibited from providing - information to any committee regarding compensation.

ARTICLE VI. Annual Statements

Each executive board member and a 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 conflict of interest policy,
- B. Has read and understands the policy,
- C. Has agreed to comply with the policy, and
- D. Understands the Hilliard Memorial PTO 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.

ARTICLE VII. Periodic Reviews

To ensure the Hilliard Memorial PTO operates in a manner consistent with charitable 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:

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

ARTICLE VII. Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, Hilliard Memorial PTO 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 Hilliard Memorial Middle School PTO Conflict of Interest Policy was adopted on January 6, 2020