

Crook County Education Foundation

Conflict of Interest Policy

Adopted November 6, 2019

The purpose of this conflict of interest policy is to protect the interests of this tax-exempt organization, Crook County Education Foundation (CCEF) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of CCEF 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.

It is important for CCEF's directors, officers, and staff to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting the affairs of the CCEF and that the appearance of conflict can be troublesome even if there is in fact no conflict whatsoever. Conflicts are undesirable because they potentially or eventually place the interests of others ahead of the CCEF's obligations to its charitable purposes and to the public interest. Each member of the Board of Directors and the staff of the CCEF has a duty of loyalty to the CCEF. The duty of loyalty generally requires the director or staff member to prefer the interests of the organization over the individual's interests or the interests of others.

Section 1: DEFINITIONS

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.

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

1. An ownership or investment interest with any entity with which the CCEF has a transaction or arrangement, or
2. A compensation arrangement with the CCEF or with any entity or individual with which the CCEF has a transaction or arrangement, or
3. A potential ownership or investment interest in, or compensation agreement with, any entity or individual with which the CCEF 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. 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.

Section 2: PROCEDURES

- A. 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.
- B. 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/they 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.

- C. 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/they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The chair 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 CCEF 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the CCEF'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.
- D. Violations of the Conflicts 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 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 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.

SECTION 3: Annual Statements

Each director, officer, and member of a committee with governing board-delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflict of interests policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the CCEF 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.

SECTION 4: Periodic Reviews

To ensure the CCEF 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 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 payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

[end of policy]