

FRIENDS OF THE NORTH SYRACUSE EARLY EDUCATION PROGRAM

Conflict of Interest Policy

Article I. Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Board member. This policy is intended to prevent excess benefit transactions and is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to charitable organizations.

Article II. Definitions

1. Board Member. Someone is considered a Board Member once they are appointed at a regularly scheduled meeting.
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 or a potential ownership or investment in any entity with which FNSEEP has a transaction or arrangement,
 - b. A compensation arrangement with FNSEEP or with any entity or individual with which FNSEEP has a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial , or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which FNSEEP is negotiating a transaction or arrangement. 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 Board decides that a conflict of interest exists.
3. Interested Person. Any Board member, who has a direct or indirect financial interest, as defined above, is an interested person.
4. Violations of the Conflicts of Interest Policy
 - a. If the 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. After hearing a member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest; it will take appropriate disciplinary and corrective action.

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 Board members 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 Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board 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 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 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 Board shall determine whether FNSEEP 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 Board shall determine by a majority vote of the disinterested Board members whether the transaction or arrangement is in FNSEEP'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.

Article IV. Records of Proceedings

The minutes of the Board meetings 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 Board'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 in connection with the proceedings.

Article V. Compensation

A Board member who receives compensation, directly or indirectly, from FNSEEP for services in precluded from voting on matters pertaining to that member's compensation.

Article VI. Annual Certification

Each Board member 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 FNSEEP 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 FNSEEP 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 FNSEEP’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, FNSEEP may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted. (Reference: New York State Education Law, IRS Form 1023 Sample)

This policy shall be distributed annually to board members. A signature in the designated space at the bottom of this policy will indicate the board member’s agreement to abide by this policy to the best of his or her ability.

I have read the above statement of policy regarding conflict of interest and agree to abide by this policy to the best of my ability in my role as a board member.

Board Member Signature

Date