

AVOCA DISTRICT 37 PARENT TEACHER COUNCIL, INC

Conflict of Interest Policy Adopted on August 7, 2020

I. Overview and Purpose

The primary principle underlying this Conflict of Interest Policy (the “policy”) is that the Avoca District 37 Parent Teacher Council, Inc. (“Avoca PTC” or “the organization”) officers, Executive Committee members, and other key persons (defined in Section II) must never permit their personal interests to conflict or appear to conflict with the best interests of the organization.

As a nonprofit, charitable organization, Avoca PTC is accountable to both government agencies and members of the public for responsible and proper use of its resources. Officers, Executive Committee members, and other interested parties have a duty to act in the organization’s best interests and may not use their positions for their own financial or personal benefit.

Conflicts of interest must be taken very seriously since they can damage Avoca PTC’s reputation and expose both the organization and affiliated individuals to legal liability if not handled appropriately. Even the appearance of a conflict of interest should be avoided, as it could undermine public support for Avoca PTC.

This policy is designed to help you identify situations that present potential conflicts of interest and to provide Avoca PTC with a procedure to appropriately manage conflicts in accordance with legal requirements and our commitment to accountability and operational transparency. The policy supplements but does not replace federal and state laws governing conflicts of interest applicable to Avoca PTC. If you have any questions about the policy, please ask the Avoca PTC President.

II. To Whom Does the Policy Apply?

This policy applies to all Avoca PTC officers, Executive Committee members, and key persons. A **key person** means a person, whether or not an officer, member, or employee of Avoca PTC, who:

- has responsibilities, or exercises powers or influence over Avoca PTC as a whole similar to the responsibilities, powers, or influence of officers;
- manages Avoca PTC, or a segment of Avoca PTC that represents a substantial portion of the activities, assets, income, or expenses of the organization; or
- alone or with others controls or determines a substantial portion of Avoca PTC’s capital expenditures or operating budget.

III. What is a Conflict of Interest?

A potential conflict of interest arises when an officer, Executive Committee member, or other key person, or that person's relative¹ or business (a) stands to gain a financial benefit from an action Avoca PTC takes or a transaction into which the organization enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the officer, Executive Committee member, or key person in discharging their duties to the organization. In these situations, the officer, Executive Committee member, or other key person becomes an "interested party."

A conflict of interest arises when someone may have to choose between what is in their best interests (financial or otherwise) and what is in Avoca PTC's interests, or where someone has divided loyalties. Situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain to an interested party or the appearance of a lack of integrity or transparency in Avoca PTC's decision-making process. Both results are damaging to Avoca PTC and must be avoided.

There are too many examples of real or perceived conflicts of interest but here are some common situations in which they are likely.

A. Financial Interests

A conflict may exist where an interested party directly or indirectly benefits or profits as a result of a decision, policy, or transaction made by Avoca PTC. Examples include situations where:

- Avoca PTC contracts to purchase or lease goods, services, or properties from an interested party, such as an officer's spouse.
- An Executive Committee member charged with entering into a supply contract has a financial interest in a potential supplier.

B. Other Potential Conflicts

A conflict may exist where an interested party gets a financial or non-financial benefit or advantage that s/he would not have obtained absent his/her relationship with Avoca PTC. Examples include:

- Avoca PTC offers employment or a contract to a major donor's child or business.

¹ A relative includes a spouse/partner or spouse/partner's parent; parent or spouse/partner of a parent; child (biological, adopted, or step) or spouse/partner of child; brother, sister, or spouse/partner of a brother or sister; grandchild or spouse/partners of grandchild; grandparent or spouse/partner of a grandparent; or anyone (other than a domestic employee) who shares such person's home, and any organization which employs or is about to employ any of the parties listed above.

- An Executive Committee member seeks to use confidential or proprietary information obtained from Avoca PTC for his/her own benefit (not necessarily financial) or for the benefit of another key person.
- A key person acts as an officer, director, partner, consultant, representative, agent, or employee of an Avoca PTC supplier.
- A key person seeks to take an opportunity from Avoca PTC that s/he has reason to believe would be of interest to Avoca PTC.
- An officer, in the course of his/her fiduciary responsibilities, deals directly with a close associate or family member who is employed by an Avoca PTC supplier or vendor.

A **potential conflict is not necessarily a conflict of interest**. A person has a conflict of interest only if the Executive Committee decides, pursuant to Section V of this policy, that a conflict of interest exists.

IV. Disclosure of Potential Conflicts of Interest

Executive Committee members, officers, and key persons are under a continuing obligation to disclose both actual and potential conflicts of interest as soon as they are known or reasonably should be known and always before any actions involving the potential conflict are taken. If an actual or potential conflict arises, the person with the actual or potential conflict should submit a signed, written statement (electronic mail is acceptable) disclosing all material facts to the Executive Committee.

In addition, Executive Committee members, officers, and key persons must annually disclose any interests that could give rise to a conflict of interest through the form at the back of this Code of Conduct. Disclosure statements shall be provided to the Avoca PTC President (who must provide his or her form to the Executive Committee). The President shall ensure all copies of all disclosure statements are filed in the official Avoca PTC corporate records.

V. Determining Whether a Conflict of Interest Exists

After there has been disclosure of a potential conflict and after gathering any relevant information from the concerned Executive Committee member, officer, or key person, the Executive committee will determine whether there is a conflict of interest. The Executive Committee member, officer, or key person must not be present for deliberation or vote on the matter and must not attempt to influence improperly the determination of whether a conflict of interest exists.

In determining whether a conflict of interest exists, the Executive Committee will consider whether the potential conflict of interest would cause a transaction entered into by the organization to raise questions of bias, inappropriate use of the organization's assets, or any other impropriety.

A conflict always exists in the case of a related party transaction. A related party transaction is a transaction, agreement or other arrangement in which an Executive Committee member, officer,

or key person, their relative (as defined above), or an entity in which they have an ownership or beneficial interest, has a financial interest and in which the organization is a participant.²

If the Executive Committee determines that there is a conflict of interest, it shall follow the procedure in Section IV.

VI. Procedures for Addressing Conflicts of Interest

Where a conflict of interest exists between an interested party's interests and the interests of Avoca PTC with respect to a specific proposed action, policy, or transaction, the Avoca PTC Executive Committee will consider the matter and determine whether it is in the best interests of Avoca PTC. The Executive Committee will consider whether the terms of the proposed action, policy, or transaction are fair and reasonable to Avoca PTC; whether it is in Avoca PTC's best interest at the time of determination; and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.

In all cases, decisions involving a conflict will only be made by disinterested persons, although the interested party may be asked to provide factual information and/or to answer questions. The interested party will not be present during the discussion or vote on the matter and must not attempt to improperly influence the deliberation or vote. Approval by the disinterested members of the Executive Committee shall be by vote of a majority of Executive Committee members in attendance.

VII. Documentation

The minutes of any Executive Committee meeting at which a matter involving a conflict of interest or potential conflict of interest was discussed or voted upon shall include:

- the name of the interested party and the nature of the interest;
- where applicable, the abstention from voting and participation by the interested party;
- the decision as to whether the interest presented a conflict of interest;
- any alternatives to a proposed contract or transaction considered by the Executive

² A transaction is not a related party transaction if:

- 1) The transaction, or the related party's financial interest in the transaction, is *de minimis*.
- 2) The transaction would not customarily be reviewed by the Executive Committee or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms; or
- 3) The transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries the organization intends to benefit as part of the accomplishment of its mission (and that benefit is available to all similarly situated members of the same class on the same terms).

Committee; and

- if the transaction was approved, the basis for the approval. Whenever possible, the minutes should frame the decision of the Executive Committee in such a way that it provides guidance for consideration of future conflict of interest situations.

VIII. Violations of Conflict of Interest Policy

If there is reason to believe that a person subject to this policy has failed to disclose a potential or actual conflict of interest, the Executive Committee shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose.

If the person has, in fact, failed to disclose a possible or actual conflict of interest, the Executive Committee will take appropriate corrective action. Violations of the Conflict of Interest Policy may be cause for immediate removal of an Executive Committee member, officer, or key person from Avoca PTC and/or Avoca PTC business where Avoca PTC determines such action is appropriate.

An actual conflict of interest does not need to be present to constitute a violation. You must avoid or disclose activities that create a mere appearance of a conflict of interest as well.

IX. Prohibited Acts

Avoca PTC shall not make a loan to any officer or member.

X. Procedures for Determining Compensation

If at any time Avoca PTC provides any staff or officer compensation, such compensation determinations must be subject to this Section IX.

A. General Compensation

No person shall be present for or participate in Executive Committee or other discussion or vote pertaining to:

- their own compensation;
- the compensation of their family member;
- the compensation of any person who is in a position to direct or control them in an employment relationship;
- the compensation of any person who is in a position to directly affect their financial interests; or
- any other compensation decision from which the person stands to benefit.

B. Key Person Compensation

In the case of compensation of key persons, the following additional procedures apply:

- The Executive Committee shall approve compensation before it is paid.
- The Executive Committee shall base approval of compensation on appropriate data, including compensation paid by comparable organizations (three are sufficient if Avoca PTC's income is less than \$1,000,000) for functionally similar positions, availability of similar services in the geographic area of the organization, and compensation surveys compiled by independent firms.
- The Executive Committee shall contemporaneously document:
 - the terms of compensation and date of determination;
 - the members of the Executive Committee who were present and those who voted for it;
 - the comparability data relied on and how it was obtained;
 - if the compensation is higher or lower than the range of comparable data, the basis for the determination, and;
 - any actions with respect to consideration of the compensation by anyone on the Executive Committee who had a conflict of interest with respect to the matter.

AVOCA DISTRICT 37 PARENT TEACHER COUNCIL, INC
Conflict of Interest Disclosure Statement

By signing below, I affirm that:

1. I have received and carefully read the Avoca PTC Conflict of Interest Policy;
2. I understand and agree to comply with the policy;
3. I further understand that Avoca PTC is a nonprofit organization and that, in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal gain (other than by salary) by members.
4. Except as otherwise indicated below, I hereby state that I do not have any conflict of interest, financial or otherwise, that may be seen as competing with the interests of Avoca PTC, nor does any family member or associate have such a potential conflict of interest, nor shall I, any family member, or associate benefit from any action, policy, or transaction made by Avoca PTC in a manner that has not been previously disclosed.
5. If any situation should arise in the future that I think may involve me in a conflict of interest, I will make a prompt and full written disclosure of the circumstances.

I wish to disclose the following (use additional sheets if necessary):

1. Any for-profit or nonprofit entity in which I participate as a director, officer, employee, owner, or member, with which Avoca PTC has a relationship;
2. Any transaction in which Avoca PTC is a participant as to which I might have a conflicting interest; and
3. Any other situation which may pose a conflict of interest.

Printed Name:

Position:

Signature

Date

Please sign and date this certificate and return it to Avoca PTC President at avocaptc@gmail.com.