**Exalt Education**

**Director Conflict of Interest Policy**

**Article I: Purpose**

The purpose of the conflict of interest policy is to protect the Exalt Academy of South West Little Rock’s (EASW’s) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of EASW 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 conflicts 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:

a. An ownership or investment interest in any entity with which EASW engages in a transaction or arrangement,

b. A compensation arrangement with EASW or with any entity or individual with which EASW engages in a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which EASW 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 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, the interested person shall leave the governing board or committee meeting while the remaining directors or members discuss and vote on whether a conflict of interest exists. The interested person may make a presentation prior to the discussion.

3. Procedures for Addressing the Conflict of Interest

a. If the board or committee votes that a conflict of interest exists, 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.

b. After exercising due diligence, the governing board or committee shall determine whether EASW 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.

c. 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 or members whether the transaction or arrangement is EASW’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 Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a director or member has failed to disclose actual or possible conflicts of interest, it shall inform the director or member of the basis for such belief and afford the director or member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the director or member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the director or 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 or committee'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 taken in connection with the proceedings.

**Article V: Compensation**

a. A director who receives compensation, directly or indirectly, from EASW for services is precluded from voting on matters pertaining to that director’s compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from EASW for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from EASW, 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 statement that affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands EASW 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 EASW 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 arms’ length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to EASW’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, 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.

**I understand and will fulfill the above Director Job Description, Responsibilities & Expectations, and Beliefs & Commitments as well as abide by the Conflict of Interest Policy.**

Signed, this \_\_\_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20\_\_\_\_\_\_\_.

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Signature of EASW Director

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 Printed Name of EASW Director

Adopted by the Board July 24, 2014