

CONFLICT OF INTEREST POLICY

ARTICLE I. PURPOSE

Everett Public Schools Foundation encourages the active involvement of its directors and officers in the community. To be transparent and deal fairly with actual and potential conflicts of interest that may arise as a consequence of community involvement, Everett Public Schools Foundation adopts the following policy. The purpose of this conflict-of-interest policy is to protect the interests of Everett Public Schools Foundation as it fulfills its charitable purposes, and when it is contemplating entering a transaction or arrangement that might benefit the private interest of an officer or director of Everett Public Schools Foundation 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 Foundation.

ARTICLE II. POLICY

Directors and officers are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between their personal interests as a director or officer and those of the Everett Public Schools Foundation. A conflict of interest exists when a director or officer's loyalties or actions are divided between the interests of Everett Public Schools Foundation and the director or officer's interests. Both the fact and the appearance of a conflict of interest should be avoided. Where a conflict of interest cannot be avoided, transparency surrounding the transaction or arrangement is paramount to ensuring ongoing trust and fairness in all of the actions that Foundation undertakes.

ARTICLE III. DEFINITIONS

1. Affiliation

An affiliation includes any interests other than financial interests that may influence a director or officer's judgment. An objective test determines whether an affiliation exists between the director or officer and the other person, entity, or Foundation: whether the involvement or relationship of the director or officer with the other person, entity, or Foundation is such that it reduces the likelihood that the director or officer can act in the Foundations best interests.

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2. Interested Person

Any director, officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, or the Foundation affiliation, as defined above, is an interested person.

3. 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 Foundation has a transaction or arrangement,
- b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation 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 Foundation 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 IV, 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 IV. 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 or the Foundation affiliation 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 or the Foundation affiliation and all material facts, and after any discussion with the interested person, he/she 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.

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3. 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 shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. 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.
- c. After exercising due diligence, the governing board or committee shall determine whether the Foundation 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. The governing board or committee shall determine, by a minimum of 2/3 voting members, vote of the disinterested directors whether the transaction or arrangement is in the Foundation'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 Conflict-of-Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose an actual or possible conflict 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.

ARTICLE V. 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 or the Foundation affiliation in connection with an actual or possible conflict of interest, the nature of the financial interest or the Foundation affiliation, any action taken to determine whether a conflict of interest was

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present, and the governing boards 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 VII. PERIODIC STATEMENTS

Each director and officer shall annually sign a statement that 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 that Everett Public Schools Foundation is a charitable 501 3 C nonprofit in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The undersigned hereby acknowledges that the undersigned:

- (a) Has received a copy of the conflict-of-interest policy,
- (b) Has read and understands the conflict-of-interest policy,
- (c) Has agreed to comply with the conflict-of-interest policy, and
- (d) Understands that in order for the Foundation to maintain its federal tax exemption as a charitable 501 C 3, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Please check one of the following boxes:

- ☐ I confirm that I have no conflicts or potential conflicts of interests.
- ☐ I have the following conflicts or potential conflicts to disclose (please describe any relevant Foundation professional or business affiliations as well as financial interests):

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Dated: _____

Signature

Print Name:

Title