

**Federated Home & School Association a NJ Nonprofit Corporation**  
**Conflict of Interest Policy**  
**Adopted March 4, 2010**

**ARTICLE I**  
**Purpose**

The purpose of this conflict of interest policy is to protect Federated Home & School Association's (the "Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or a member of the Organization 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.

**ARTICLE II**  
**Definitions**

**1. Interested Person**

An interested person is any principal officer or member of a committee with purchasing or governing powers, who has a direct or indirect financial interest, as defined below.

**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 the Organization has a transaction or arrangement,
- b.** a compensation arrangement with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.

**3. Miscellaneous**

- a.** Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- b.** 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 Executive 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 material facts to the members of the Executive Committee considering the proposed transaction or arrangement.

**2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all of the material facts, and after any discussion with the interested person, he/she shall leave the Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The Executive Committee members shall decide if a conflict of interest exists.

### **3. Procedures for Addressing Conflict of Interest**

**a.** An interested person may make a presentation to the Officers of the Executive Committee. After the presentation he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the potential conflict of interest.

**b.** The President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

**c.** After exercising due diligence, the Executive Committee shall determine whether the Organization 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 Executive Committee shall determine by a majority vote of disinterested Officers whether the transaction or arrangement is in the Organization'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 Executive 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 its belief and afford such member the 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 Executive Committee determines the 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 Executive Committee 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 Executive Committee's decision regarding whether a conflict of interest in fact existed.

**b.** The names of the persons who were present for the discussions and votes relating to the transaction or arrangement, the content of the discussion, including alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **ARTICLE V**

### **Compensation**

As volunteers, the members of the Organization, including the members of the Executive Committee, will not receive any compensation or other remuneration from the Organization or for any services rendered to the Organization. Accordingly, there will be no conflicts of interest involving compensation.

## **ARTICLE VI**

### **Annual Statements**

Each member of the Executive Committee and any other Organization member on 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 interest policy.

- b. has read and understands the policy
- c. has agreed to comply with the policy, and
- d. understands the Organization 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 that the Organization 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 reviews determining whether arrangements, ventures and transactions 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.

**ARTICLE VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may but is not required to, use outside advisors. If outside advisors are used, their use shall not relieve the Executive Committee of its responsibility for ensuring that periodic reviews are conducted