**CONFLICT OF INTEREST POLICY**

**FOR LEGACY CHRISTIAN SCHOOL**

Article I

Purpose

The purpose of this conflict of interest policy is to ensure that the Directors and Officers of Legacy Christian School do not use poor business judgment, engage in self-dealing, or attempt to receive excessive benefits based on their private interests in transactions or contemplated transactions of Legacy Christian School This policy is intended as a supplement to applicable state and federal laws governing conflicts of interest.

Article II

Definitions

1. **Interested Person**

Any Director or Officer with church-delegated power, who has a direct or indirect financial interest, as defined below, is an interested person.

1. **Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

* 1. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
  2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
  3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation 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**

An interested person must disclose the existence of any financial interest that poses an actual or possible conflict of interest. The interested person must be given the opportunity to disclose all material facts to the Board.

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

After the interested person has disclosed the financial interest that poses an actual or possible conflict of interest to the Board, along with all material facts, and after any discussion with the interested person has occurred, the interested person should leave the board meeting while the remaining board members discuss the conflict of interest and hold a vote. The remaining board members shall decide whether a conflict of interest exists and vote on whether the Corporation should proceed with the contemplated transaction.

1. **Procedures for Addressing the Conflict of Interest** 
   1. An interested person may make a presentation to the Board and discuss the conflict with the Board.
   2. After any such presentation and discussion, the interested person should leave the Board meeting during further discussion and voting on the conflict of interest.
   3. Disinterested Directors may appoint a disinterested third party or committee to investigate alternative options.
   4. After exercising due diligence, the disinterested Directors shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction for the Corporation from a disinterested party.
   5. If a more advantageous transaction is not determined to be reasonably possible, the disinterested Directors shall determine, by majority vote, whether the transaction is fair and reasonable and in the best interests of the Corporation. If the transaction is determined to be fair and reasonable and in the best interests of the Corporation, the disinterested Directors may then elect, by majority vote, to enter into the transaction with the interested person.
2. **Violations of the Conflicts of Interest Policy** 
   1. If the Board has reason to believe that an interested person has failed to disclose an actual or possible conflict of interest, it shall inform the interested member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
   2. If the Board determines the interested member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

Article IV

Records of Proceedings

The minutes of the Board and all committees with board delegated powers shall contain:

* 1. 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 committee’s decision as to whether a conflict of interest in fact existed.
  2. The names of the persons who were present for discussion 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 member of the Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member’s compensation.

Article VI

Periodic Reviews

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews should be conducted. The periodic reviews should, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm’s length bargaining,
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in self-dealing, impermissible private benefit or an excess benefit transaction.

Article VII

Use of Outside Advisors

When conducting the periodic reviews as provided for in Article VII, the Corporation is permitted to use outside advisors. If outside advisors are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.