

CONFLICTS OF INTEREST POLICY

It shall be the policy of Lionheart Classical Academy Chartered Public School to operate in a transparent manner, consistent with the requirements of RSA 7:19 and this Conflicts of Interest Policy.

I. Conflicts of Interest Policy

A. **Purpose.** The purpose of the conflict of interest policy is to protect the tax-exempt Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Trustee or committee member 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.

B. **Definition of Financial Interest.** A Trustee or committee member has a financial interest if they have, directly or indirectly, an ownership interest, investment interest, or compensation agreement in or with any entity with which the Corporation has a transaction or arrangement or 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 inherently a conflict of interest. A conflict exists only if the Board or committee decides if a specific financial interest warrants designation as a conflict of interest.

C. Financial Interest Procedures

1. **Duty to Disclose:** Any Trustee or committee member having a financial interest shall make a prompt, full and frank disclosure of such interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be a private interest of the Trustee.

2. **Determining Whether a Conflict of Interest Exists:** The body to which such disclosure is made shall thereupon determine, by majority vote, in the absence of the Trustee or committee member with the financial interest, whether the disclosure shows that a conflict is deemed to exist. In cases where the interest in question will require frequent or on-going disclosures and/or the recusal of a Trustee from voting—such as, but not limited to lease agreements or on-going management services—the Trustee in question is required to resign within sixty (60) days of an executed contract.

3. **Procedures for Addressing the Conflict of Interest:** If a conflict is determined, such person shall not vote on, nor use his or her personal influence on, nor be present during, in the discussion or deliberations with respect to, such transaction or arrangement. Subject to such restrictions, the conflicted Trustee or committee member may make a presentation to the Board regarding the transaction or arrangement, but

must then promptly leave the meeting. The Chair of the Board or committee may, if appropriate, designate a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the Board or committee shall determine whether the Corporation 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, and if not, shall determine by majority vote whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable.

4. Violations of the Conflict of Interest Policy: If the Board or committee has reasonable cause to believe a Trustee or committee member has failed to disclose actual or possible conflicts of interest, it shall inform the Trustee or committee member of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose. If, after hearing their response and making further investigation as warranted, the Board or committee determines they failed to disclose an actual or possible conflict of interest, the Board or committee shall take appropriate disciplinary and corrective action.

5. Record of the Proceedings: The minutes of the meeting shall reflect the disclosure made, including the nature of the financial interest, the vote thereon and, where applicable, the recusal from voting and participation. The minutes shall also reflect the discussion regarding the transaction or arrangement, including any alternatives to the proposed transaction or arrangement.

D. Nepotism. The prohibitions against conflicts of interest in these Bylaws shall have the following consequences for immediate relatives of Board Trustees:

1. The Conflict of Interests Policy shall apply in cases where the child, parent, or spouse of a Trustee has an interest in a contract, other transaction, or program presented to or discussed by the Board or Board committee, excepting cases wherein the interest in question applies to a general school program that stands to benefit a student of immediate relation to a Trustee.

2. In cases wherein the school or Corporation shall directly employ the child, parent, or spouse of a Trustee as a full-time, paid employee, the Trustee in question shall resign within sixty (60) days of an accepted offer of employment or within forty-five (45) days of the employee's first day of full-time employment, whichever comes sooner.

II. Policy Governing Conflict of Interest and Pecuniary Benefits Transactions. The Corporation shall adopt, implement, enforce and regularly review Policies and Procedures governing conflicts of interest and pecuniary benefits transactions. The Policy and Procedures shall, at a minimum, meet the requirements of New Hampshire law as then in effect, and comply with guidelines established by the Office of the NH Attorney General, Charitable Trusts Unit. Each director, officer, or Committee member shall have an affirmative duty to disclose to

the school each transaction with the Corporation that would be a Pecuniary Benefit Transaction (as defined by RSA 7:19-a) as to that officer, director, or Board member, and shall be prohibited from participating in the discussion or voting on the transaction. The school shall enter into Pecuniary Benefit Transactions only in accordance with the applicable provisions of RSA 7:19-a, as they may exist from time to time.

III. **Policy on Pecuniary Benefits Transactions**

Transactions that provide a direct or indirect pecuniary benefit (including salaries and wages) to any officer or director of the school or any member of his or her immediate family; his or her employer; or, any person or organization of which he or she is a proprietor, partner, officer, director, or trustee, are prohibited unless they (1) satisfy RSA 7:19-a; (2) are in the School's best interest; and (3) all of the following conditions are met:

A. The transaction is made in the ordinary course of the school's business or operation and the transaction is fair to the school.

Any transaction with any one officer or director that exceeds \$500.00 must be approved by the greater of a quorum of the Board of Trustees, or 2/3 of the members of the Board of Trustees who have not had a pecuniary benefit transaction with the school during the fiscal year.

B. The school shall list in its records each transaction with any one officer, or director which exceeds \$500.00 in any one fiscal year and report them to the NH Director of Charitable Trusts annually as part of its annual report required under RSA 7:28, including the names of those benefiting from each transaction and the amount of the benefit. This list shall be available for inspection by officers or directors and all contributors;

C. The school shall publish a notice of any transactions with any one officer or director which alone or in the aggregate exceeds \$5,000.00 in any one fiscal year, in the newspaper of general circulation in New Hampshire and give a copy of the notice to the NH Director of Charitable Trusts before the transaction takes place. The name of the officer, director, or Trustee, the amount of the transaction and any other information required by RSA 7:19-a II (d) must be stated in the notice;

D. The school shall receive the prior approval and requisite finding of the Probate Court as to any transactions involving the sale, lease for a term of greater than 5 years, purchase or conveyance of any interest in real estate to or from any officer or director; and,

E. The transaction does not involve a loan of money or property to an officer or director (which shall be strictly prohibited).

IV. Annual Disclosure. All Trustees and committee members shall annually sign a statement which affirms the person: (a) has received a copy of this conflicts of interest policy; (b) has read and

understands the policy; (c) agrees to comply with the policy; and (d) understands the Corporation is charitable, and it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Legal Reference:

- *New Hampshire RSA 7:19-a*
- *New Hampshire RSA 7:28*

Initial LCA Board approval: 2/3/2022.

Revised and approved by LCA Organizational Committee: 4/30/2024

LCA Board Approved: 5/9/2024