



School for Advanced Research Conflict of Interest Policy

General

The purposes of this Conflict of Interest Policy (the “Policy”) are (1) to provide that the deliberations and the decisions of the Board of Directors of the School for Advanced Research (“SAR”) are made in the interests of SAR; (2) to provide that the actions of SAR’s officers are taken in the interests of SAR; (3) to protect SAR’s exemption under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”); and otherwise (4) to protect the interests of SAR when it is contemplating entering into a transaction, contract, or arrangement in which a Director or Officer may have a private financial interest, as defined in this Policy.

This Policy is intended to supplement, but not replace, any applicable provisions of the New Mexico Nonprofit Corporations Act, N.M.S.A. 1978 Sections 53-8-1 *et. seq.*, as amended (the “Act”), the Code, and other applicable laws. In the event that there is a conflict between this Policy and the Act, the Code or other provisions of applicable law, the provisions of the Act, Code or other law, as applicable, shall control.

Definitions

The following definitions shall apply for purposes of this Policy:

Compensation. “Compensation” includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature.

Family. The “Family” of an individual shall include only his or her spouse, his or her siblings and their spouses, his or her ancestors, and his or her descendants (by blood or by adoption) and their spouses.

Financial Interest. A person has a “Financial Interest” if the person has, directly or indirectly through the person’s business, investments or family:

- An ownership or investment interest in any entity with which SAR has or is considering a transaction, contract or arrangement; or
- A compensation arrangement with SAR or with any entity or individual with which SAR has or is considering a transaction, contract or arrangement; or
- A potential ownership or investment interest in, or potential compensation arrangement with, any entity or individual with which SAR has or is considering a transaction, contract or other arrangement.

Director; Interested Director. “Director” means any voting member of the Board of Directors of SAR. “Interested Director” shall mean any Director who has a Financial Interest, as defined above.

Material Conflict of Interest. “Material Conflict of Interest” means a Financial Interest which might affect, or might reasonably be thought by others to affect, the judgment of the pertinent Director or Officer.

Potential Private Inurement or Private Benefit. “Potential Private Inurement or Private Benefit” is described on page 3 under the sub-caption “Identifying a Potential Private Inurement or Private Benefit.” “Private inurement” and “private benefit” have the meanings assigned in interpretations of the Code.

Officer; Interested Officer. “Officer” means any individual identified as an officer in SAR’s then current Bylaws. “Interested Officer” means any officer of SAR who has a Financial Interest, as defined above.

Committee Administration of Policy

The Governance and Nominating Committee of the Board of Directors shall administer and monitor compliance with this Policy. The Board may act in the place of the Governance and Nominating Committee at any time, and references in this Policy to the Board Governance and Nominating Committee shall be considered to refer to the Board in those instances.

The Board Governance and Nominating Committee shall obtain from each Director and Officer a financial interest disclosure statement in generally the same form attached to this Policy at least annually, and shall perform the other functions hereinafter assigned to the Board Governance and Nominating Committee in this Policy.

Duty of Directors to Abstain

No Director shall vote or participate in the deliberations at any meeting of the Board of Directors or any committee thereof respecting any matter as to which the Director has a Material Conflict of Interest, or a Potential Private Inurement or Private Benefit, as determined by the Board Governance and Nominating Committee in accordance with this Policy. The Director may, however, communicate with the Board and any committees thereof at any meeting or meetings and otherwise present information to the Board and to individual Directors in anticipation of the deliberations and voting on the matter. In the event of an abstention in accordance with this provision, the abstaining Director shall state the reason for the abstention, which shall be noted in the minutes or other record of the pertinent meeting of the Board or committee.

Disclosure by Directors and Officers

When requested by the Board Governance and Nominating Committee, each Director and Officer shall submit a financial interest disclosure statement to the Board Governance and Nominating Committee setting forth all Financial Interests of the Director or Officer which are then known by the Director or Officer.

Each Interested Director and Interested Officer must disclose to the Board of Directors, the Board Governance and Nominating Committee, the Chair of the Board or the Chair of the Board Governance and Nominating Committee the existence and nature of the person's Financial Interest relating to any proposed transaction, contract, or arrangement as to which SAR is or proposes to be a party prior to the consideration of the proposed transaction, contract, or arrangement by the Board or any committee thereof. Such a disclosure may be made in writing or may be made orally at a meeting of the Board or the Board Governance and Nominating Committee.

For purposes of this section, an Officer need not disclose amounts paid as compensation and other benefits to the Officer by SAR as the Officer's regular compensation or bonuses, paid pursuant to Board of Directors authorization, or paid as a reimbursement of expenses under SAR's usual practice for reimbursements.

Procedures in Connection with Any Pending or Proposed Transaction

This section applies to any proposed transaction, contract or arrangement as to which a Director is an Interested Director because the Director has a Financial Interest, or as to which an Officer is an Interested Officer because the Officer has a Financial Interest.

Duty to Disclose. Each Interested Director and Interested Officer must make the disclosure prescribed above under the caption "Disclosure by Directors and Officers."

Determining Whether a Material Conflict of Interest Exists. After disclosure of a Financial Interest, the Board Governance and Nominating Committee shall consider the information disclosed to them respecting the Financial Interest, and shall determine if the Financial Interest constitutes a Material Conflict of Interest.

Identifying a Potential Private Inurement or Private Benefit. After disclosure of a Financial Interest, the Board Governance and Nominating Committee shall consider the information disclosed to it respecting the Financial Interest, and shall determine if the Board of Directors should consider if the Financial Interest constitutes a Potential Private Inurement or Private Benefit. A determination by the Board Governance and Nominating Committee that a Potential Private Inurement or Private Benefit exists means only that there is a *potential* private inurement or private benefit, and does not necessarily mean that such private inurement or private benefit is probable, likely or actually exists within the applicable interpretations of the Code.

Procedures for Addressing a Material Conflict of Interest. If the Board Governance and Nominating Committee concludes that a Financial Interest constitutes a Material Conflict of Interest, the Board of Directors shall determine by vote of the disinterested Directors in accordance with the Act, the Code and the Bylaws whether the transaction, contract or arrangement is in SAR's best interest, and is fair and reasonable to SAR (considering known factors, including whether or not a more advantageous transaction or arrangement is reasonably possible under circumstances not producing a conflict of interest). The Board shall make its decision as to whether to enter into the transaction, contract or arrangement in conformity with that determination. If the conflict of interest involves an Interested Director, the Interested Director shall abstain from the vote and deliberations on the matter as described above.

Procedures for Addressing a Potential Private Inurement or Private Benefit. If the Board Governance and Nominating Committee concludes that the Board of Directors should consider if a Potential Private Inurement or Private Benefit may exist because of the Financial Interest of an Interested Director or Interested Officer, the Board of Directors shall consider (which may include consultation with counsel or other outside advisors) what action to take, which may include not entering into the transaction, contract or arrangement, requesting the Interested Director or Interested Officer to relinquish the Financial Interest, restructuring the transaction, contract or arrangement, obtaining appraisals or other indications to exclude the possibility of the existence of any private inurement or private benefit, or such other action as the Board may determine.

Violations of Policy

If the Board Governance and Nominating Committee has reasonable cause to believe that a Director or Officer has failed to disclose an actual Financial Interest known at the relevant time to the Director or Officer, or that a Director or Officer has otherwise violated this Policy, it shall inform the Director or Officer of the basis for that belief and afford the Director or Officer an opportunity to explain the alleged failure to disclose or other violation. If, after hearing the response of the Director or Officer and making such further investigation as the Board Governance and Nominating Committee considers warranted in the circumstances, the Committee determines that the Director or Officer has in fact failed to disclose an actual Financial Interest or otherwise violated this Policy, it shall recommend to the Board of Directors any disciplinary or corrective action it considers appropriate under all of the relevant circumstances.

Records of Proceedings

The meeting minutes or other customary record of proceedings of the Board Governance and Nominating Committee shall contain:

The names of Directors and Officers reported or found to have any Financial Interest; the nature of the Financial Interest; any action taken to determine whether a Material Conflict of Interest or Potential Private Inurement or Private Benefit was present; and the determination of the Board Governance and Nominating Committee; and

The names of the persons who communicated to the Board Governance and Nominating Committee respecting the actual or potential conflict of interest, or who were present for deliberations or votes relating to the actual or potential conflict of interest; a summary of matters considered in the deliberations; and a record of any votes taken in connection therewith.

In connection with any Financial Interest or actual or potential conflict of interest considered by the Board of Directors, the meeting minutes of the Board shall contain the names of the persons who communicated to the Board relating to the actual or potential conflict of interest and any related transaction, contract or arrangement, or who were present for deliberations or votes relating to the actual or potential conflict of interest and any related transaction, contract or arrangement; a summary of matters considered in the deliberations, including any alternatives to the proposed transaction, contract or arrangement; and a record of any votes taken in connection therewith.

Annual Statements

Each Director and Officer shall annually sign and deliver to SAR a statement which affirms that he or she (1) has received a copy of the Policy, (2) has read and understands the Policy, (3) has agreed to comply with the Policy, and (4) understands that SAR is a federally tax- exempt organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. A form of statement accompanies this Policy. The statement may be revised from time to time by the Board Governance and Nominating Committee.

Periodic Reviews

The Board Governance and Nominating Committee may consider periodically or from time to time whether and how this Policy should be revised or amended to better meet its objectives.

Confidentiality

SAR shall seek to maintain the confidentiality of annual and other statements submitted by Directors and Officers in accordance with this Policy, and may seek to maintain the confidentiality of proceedings of the Board Governance and Nominating Committee and Board of Directors pursuant to this Policy as determined by the Board Governance and Nominating Committee or Board in any specific instance.

Use of Outside Experts

In conducting reviews of this Policy or considering any matter addressed under this Policy, the Board Governance and Nominating Committee may engage outside advisors.

This Conflict of Interest Policy was approved and adopted by the Board of Directors on November 7, 2013.

Joan Fortune
Secretary

History: Policy approved and adopted by the Board of Directors on November 7, 2013 to supersede then existing policies and practices.

**School for Advanced Research
Conflict of Interest Policy 2013
Acknowledgment of Receipt and Questionnaire**

1. As a *Director* or *Officer* of the School for Advanced Research (“SAR”), I hereby agree to the following statements:

- (a) I have received a copy of the Conflict of Interest Policy (2013) (the “Policy”).
- (b) I have read and understand the Policy.
- (c) I agree to follow the Policy and abide by the rules set forth in the Policy.
- (d) I understand that SAR is an exempt organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- (e) If I am unsure whether or not a conflict of interest exists, I agree to notify SAR’s Board of Directors, Chair of the Board or Chair of the Board Governance and Nominating Committee that a determination may be necessary in accordance with the Policy, before taking any action or entering into any arrangement with any outside organization that may or may not be a conflict of interest.

2. Do you or your business or any Family member have as of today’s date any ownership or investment interest in any entity with which SAR has or is considering a transaction, contract or arrangement? If you answer “yes,” please explain (use additional sheets if needed):

3. Do you or your business or any Family member have as of today’s date any compensation arrangement with SAR or with any entity or individual with which SAR has or is considering a transaction, contract or arrangement? “Compensation” does not include your regular compensation if you are an officer or employee of SAR. If your answer is “yes,” please explain briefly:

4. Do you or your business or any Family member have as of today’s date any potential ownership or investment interest in, or potential compensation arrangement with, any entity or individual with which SAR is negotiating a transaction, contract or other arrangement? If your answer is “yes,” please explain briefly:

This is to certify that the above statements are true and correct.

(signature)

(printed name)

Date: _____

(Please sign and return this sheet to SAR, President’s Office at 660 Garica Street, SF, NM 87505 or by e-mail Grayson@sarsf.org)