Carleton College
Related Party Disclosure Statement (Conflict of Interest Policy)
Adopted by the Audit Committee: May 16, 2007

Section 1. Purpose

The Board of Trustees, officers, and management employees of Carleton College have responsibility for administering the affairs of the College honestly and prudently, and for exercising their best care, skill and judgment for the sole benefit of Carleton College. This policy is intended to ensure the transparency of related party relationships and affirm that the interest of Carleton College has first priority in all decisions and actions. Persons acting on behalf of the College shall exercise good faith in all transactions involved in their duties, and they shall not use their positions with Carleton College or knowledge gained from their work with Carleton College for their personal benefit.

This policy serves to protect Carleton College’s tax-exempt organization status. The IRS as well as state regulatory and tax officials view the operations of Carleton College as a public trust, which is subject to scrutiny by and accountable to governmental authorities as well as to members of the public. Maintenance of its tax-exempt status is important for both its continued financial stability and public support.

Section 2. Interested Person

This statement is directed at the Board of Trustees, officers, management employees and other employees who can influence the actions of Carleton College. This includes all employees who make purchasing decisions, all persons who might be described as “management personnel,” and anyone who has proprietary information concerning Carleton College.

Section 3. Areas Where a Conflict May Exist

Conflicts of interest may arise in the relations of Board of Trustee, officers and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to the College.
2. Persons and firms from whom the College leases property and equipment.
3. Persons and firms with whom the College is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting the College.
6. Agencies, organizations and associations which affect the operations of the College.
7. Family members, friends, and other employees.

Section 4. Nature of Conflicting Interest

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3 above. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interest in any third-party dealing with the College.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the College.
3. Receiving remuneration for services with respect to individual transactions involving the College.
4. Using the College’s time, personnel, equipment, supplies, or goodwill for other than College approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with the College. Receipt of any gift is disapproved except gifts of a value less than $50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.
Section 5. Interpretation of this Statement of Policy:

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to a conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the Board of Trustees, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 3 exists does not necessarily mean that a conflict exists; or that the conflict, if it exists, is material enough to be of practical importance; or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the College.

An interested person has a duty to disclose the existence of a conflict of interest described in Section 4 or other potential conflict of interest along with all material facts to the Audit Committee of the Board of Trustees at least annually and before any transaction is consummated. It shall be the continuing responsibility of the Board of Trustees, officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Section 6. Disclosure Policy and Procedure

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed.
2. The person with the conflict of interest is excluded from the discussion and approval of such transactions;
3. A competitive bid for comparable valuation exists; and
4. The Audit Committee of the Board of Trustees has determined that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the chief executive officer (or if she or he is the one with the conflict, then to the Chair of the Audit Committee), who shall bring the matter to the attention of the Board of Trustees. Disclosure involving directors should be made to the Chair of the Audit Committee (or if she or he is the one with the conflict, then to the Chair of the Board of Trustees) who shall bring these matters to the Board of Trustees.

The Audit Committee shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the College. The decision of the Audit Committee on these matters will rest in their sole discretion, and their concern must be the welfare of the College and the advancement of its purpose.