

# Thomas Edison Charter School

## Conflict of Interest Policy

### Article I

#### Purpose

The purpose of the conflict of interest policy is to protect Thomas A. Edison Charter School (TAECS) interest when it is contemplating entering into a transaction or arrangement that might benefit or be perceived to benefit the private interest of an officer, director, committee member, and employee of TAECS 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

Any director, principal officer, employee, or member of a committee, who has a direct or indirect Financial Interest, as defined below, is an Interested Person.

##### 2. Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, family or other significant personal connection:

- a. An ownership or investment interest in any entity with which TAECS has or is considering a transaction or arrangement,
- b. A compensation arrangement with TAECS or with any entity or individual with which TAECS has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which TAECS is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are more than de minimus in value and 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

In connection with any actual or possible conflict of interest, as soon as an Interested Person knows or should have known there exists a risk that one's involvement would be perceived as a conflict of interest, an Interested Person must disclose the existence or potential existence of the Financial Interest and be given the opportunity to disclose all material facts to the directors and/or members of committees with governing board delegated powers considering the proposed transaction or arrangement.

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

After disclosure of the Financial Interest, all material facts, and after any discussion with the Interested Person, he/she shall leave the governing board or committee meeting while the remaining board or committee members shall discuss and decide if a conflict of interest exists.

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

- a. An Interested Person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether TAECS 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 not producing a conflict of interest is not reasonably possible under circumstances, the governing board or committee shall determine by a majority vote of the disinterested directors or members whether the transaction or arrangement is in TAECS's best interest, is beneficial to TAECS, and is fair and reasonable and, if so determined, vote whether to enter into the transaction or arrangement.

### **4. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, including resignation of the Interested Person.

## **Article IV Records of Proceedings**

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

- a. The names of the Interested Persons who disclosed or otherwise were found to have a Financial Interest and 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 board's or committee's decision as to the existence of a conflict of interest.
- b. The names of the persons present for discussions, the 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 and Gifts**

- a. An Interested Person serving as a member of the governing board who receives compensation, directly or indirectly, from TAECS for services is precluded from voting on matters pertaining to that Interested Person's compensation.

- b. An Interested Person serving as a voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from TAECS for services is precluded from voting on matters pertaining to that Interested Person's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from TAECS, either individually or collectively, is prohibited from providing information to the governing board or any committee regarding compensation.
- d. Acceptance of gifts of any kind by any director, principle officer, employee or member of the governing board or any committee from any person that does business or seeks to do business with TAECS are generally prohibited. Unsolicited gifts of less than \$100 in retail value may be accepted on infrequent occasions from such a person if it is clear that the person is not trying inappropriately to influence or reward any director, principle officer, employee or member of the governing board or any committee in connection with any transaction or arrangement.

#### **Article VI Annual Statements**

Each director, principal officer, employee and member of a committee shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands TAECS 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 TAECS 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 the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, arrangements with management consultants or organizations, and other TAECS obligations or commitments conform to TAECS'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 to TAECS or any Interested Person.

#### **Article VIII Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, TAECS may, but need not, use

outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

TAECS...Thomas A. Edison Charter School

Conflict of Interest Policy

By signing below, I certify that I:

- Have received a copy of the conflicts of interest policy,
- Have read and understand the policy,
- Have agreed to comply with the policy, and
- Understand TAECS 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

Per Article III of this policy, below is a list and description of actual or possible conflict of interest I may have with TAECS:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

I have no known actual or possible conflict of interests with TAECS.

DATE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

PRINTED NAME: \_\_\_\_\_

