

MICROSOCIETY ACADEMY SCHOOL FOUNDATION CONFLICT OF INTEREST POLICY

Article I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization 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, or member of a committee with governing board delegated powers, 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, or family:

- a.** An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b.** A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization 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.

3. Conflict of Interest

A Conflict of Interest exists when a Board Member has one or more personal, business, or financial interests which could cause a reasonable individual with knowledge of the relevant facts to question the Member's integrity or impartiality in his/her decisions.

Article III

Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board

delegated powers considering the proposed transaction or arrangement. It is the responsibility of the Board Member to disclose any Conflict of Interest or potential Conflict of Interest in writing at the time of election to the Board and by verbal prior to specific applicable votes.

2. Procedures for Addressing a Conflict of Interest

a. At such time as any matter comes before the Board in such a way as to give rise to a conflict of interest, the affected Director shall make known the potential conflict, whether disclosed by his written statement or not, and after answering any questions that might be asked of him/her, shall withdraw from the meeting for so long as the matter shall continue under discussion. Should the matter be brought to a vote, neither the affected director nor any other Director with a pecuniary benefit transaction shall vote on it. The Minutes of the Board meeting shall reflect that a disclosure was made, the specific abstention from voting and the actual vote itself, identifying those who voted in favor or not for the specific item.

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 the Organization 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 is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

3. Violations of the Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

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 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 board's or committee's decision as to whether a conflict of

interest in fact existed.

b. The names of the persons who were present for discussions 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. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member'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 the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

d. No Member of the Board may have any direct pecuniary interest in a contract with the School or in the purchase or sale of any School property or equipment. In light of this provision, Teachers shall serve only in an advisory, non-voting role. In a particular circumstance and for good cause shown, as determined by the Board, the Board reserves the right to solicit paid services from a member when those services are not available elsewhere or are in the best interests of the School. The Board shall approve such agreements as follows: Where the transaction involving a Board Member exceeds \$500.00 but is less than \$5,000.00 in a given fiscal year, a two-thirds vote of the disinterested Board Members approving the transaction shall be required. Where the transaction involved exceeds \$5,000.00 in a given fiscal year, then publication of notice of the transaction in a legally appropriate newspaper is required in accordance with applicable New Hampshire law, in addition to the two-thirds vote of disinterested Board Members set forth above.

Article VI

Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers 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 the Organization 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 the Organization 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, and arrangements with management organizations conform to the Organization'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.

Article VIII

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization 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.

Article IX

Specific Restrictions

- a. Actions by Board Members:** No Member of the Board will solicit any favor, gift or other item of monetary value from the Board or an employee, parent or student of the school. No Member of the Board will improperly use property belonging to MicroSociety Academy Charter School. No Board Member will use his/her status for personal benefit or to make unauthorized promises or commitments on behalf of the school with or without express authorization by Board vote.
- b. Voting:** A Board Member will abstain and absence themselves from any discussion or vote regarding a family member employed by the Corporation or the Board. In addition, a Board member will abstain and absence themselves from any discussion or vote regarding a student or potential student who is a family member. Lastly, a Board Member will abstain and absent themselves from any discussion and/or vote regarding person(s) for whom the Member has a business relationship. The decision to be removed from said discussion and vote will be noted in the Meeting Minutes. A Board Member having child(ren) or grandchild(ren) enrolled as students of the Charter School in and of itself will not be considered a conflict of interest.

Article X

Disclosure to Incoming Board Members

Every new Board Member will be advised of the Conflict of Interest policy upon entering office, and shall sign a statement acknowledging, understanding and agreeing to abide by the policy. The Board will comply with all requirements of New Hampshire law with respect to conflicts of interest, and those requirements are incorporated into and made a

part of this policy statement.

Article XI

Duties of Board Members

Each Board Member, prior to taking his position on the Board, and all present Board Members shall submit in writing to the Chairman of the Board a list of all businesses or other organizations of which he is an officer, director, trustee, member, owner (either as a sole proprietor or partner), shareholder, employee or agent, with which the Corporation has, or might reasonably in the future enter into, a relationship or a transaction in which the Board Member would have conflicting interests. The chairman of the Board shall become familiar with the statements of all directors in order to guide his conduct should a conflict arise.