

Ocean Charter School Conflict of Interest Policy

Purpose:

The purpose of the conflict of interest policy is to protect Ocean Charter School's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of Ocean Charter School or might result in a possible excess benefit transaction. This policy is intended to supplement but does not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Definitions:

1. Interested Person-

Any trustee, officer, key employee or member of a committee with board of trustees 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 Ocean Charter School has a transaction or arrangement.
- b. A compensation arrangement with Ocean Charter School or with any entity or individual with which Ocean Charter School has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which Ocean Charter School is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

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 considering the proposed transaction or arrangement. Nonvoting members of the Board of Trustees who are also full-time employees of the School need not disclose such employment; except that such members must disclose any income they receive from the School that is not required to be paid pursuant to a Board-approved contract.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board members shall 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 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 board of directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board of directors shall determine whether Ocean Charter School 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.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in Ocean Charter School 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.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board of directors 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 of directors determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action and/or up to immediate termination.

5. Nonfinancial Conflicts of Interest

Any trustee, officer, key employee or member of a committee with board of trustees delegated powers shall endeavor to avoid the appearance of all conflicts of interest, even when the conflict does not qualify as a financial interest under this policy. Non-financial conflicts shall be disclosed to the Board whenever a reasonable person could reasonably conclude that the interest might interfere with the judgment or decision-making of the interested person. The President of the Board may implement the procedures set forth above for financial interests, or any other reasonable procedures, to resolve potential conflicts of a nonfinancial nature.

Records of Proceeding:

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 of director'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.

Annual Statements:

Each board member, executive director, and member of a committee with governing board-delegated powers shall annually sign a statement that 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 Ocean Charter School is a non-profit organization and in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Periodic Reviews:

To ensure Ocean Charter School 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 Ocean Charter School's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefit.

When conducting the periodic reviews as provided for in Article VII, Ocean Charter School may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of trustees of its responsibility for ensuring periodic reviews are conducted.

Ocean Charter School: Conflict of Interest Verification/Signature

I, _____, hereby certify that as of the date this certification is made:

1. I have received and fully read Ocean Charter School Conflict of Interest Policy. I understand the Ocean Charter School Conflict of Interest Policy.
2. I accept and agree to comply with the Ocean Charter School Conflict of Interest Policy.
3. Except as fully described in any signed statement attached hereto, I do not have any financial interest that requires disclosure under the terms of the Ocean Charter School Conflict of Interest Policy.
4. If any financial interest should arise, I will immediately (not to exceed 10 business days) and fully disclose the relevant circumstances to the Board of Trustees or its President to determine whether a potential or actual conflict exists.
5. I will disclose any nonfinancial interests to the Board for which a reasonable person could reasonably conclude that the interest might interfere with my judgment or decision-making.
6. If an actual or potential conflict is determined, Ocean Charter School may take whatever corrective action appears appropriate according to the circumstances and that failure to disclose facts shall constitute grounds for disciplinary action up to and including suspension without pay or termination.
7. I understand Ocean Charter School is a non-profit organization and that, in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Print Name

Sign Name and Date