

WAKE PREPARATORY ACADEMY

CONFLICT OF INTEREST AND ANTI-NEPOTISM POLICY

Purpose: The purpose of the Conflict of Interest Policy is to protect the interests of Wake Preparatory Academy, Inc. (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace any state or federal laws governing conflicts of interest applicable to nonprofit, public and charitable corporations in the State of North Carolina. (N.C. Gen. Stat. § 55A-8-31; 115C-218.15).

Definitions

1. Interested Person

Any director, 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 immediate family:

- a. An ownership interest or investment in any entity with which the Corporation has a transaction or arrangement, or
- b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation 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 Corporation is negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 3, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists. Financial interests shall not include an interest in a publicly traded company.

3. Compensation

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

4. Immediate Family

Immediate family shall mean a spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half, and in-law relationships.

Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the directors and/or members of committees with board delegated powers considering the proposed transaction or arrangement.

2. Recusal of Self

Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

3. 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 or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

4. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at the board or committee meeting, but after such presentation, will recuse him or herself from discussions relating to the topic and will recuse him or herself from voting on the matter.

b. The chairperson of the 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 board or committee shall determine whether the Corporation 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 that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interests and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

5. A person shall not be disqualified from serving on the Board of Directors because of the existence of a conflict of interest so long as the person's actions comply with this Policy and applicable law.

6. No employee of the charter school or employee of a for-profit company that provides substantial services to the charter school for a fee, shall be a voting member of the Board of Directors.

7. Violations of the Conflict of Interest Policy

a. If the board or committee has reasonable cause to believe that 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 may be warranted by the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, up to and including removal of the member from the Board of Directors.

Records of Proceedings

The minutes of the 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 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 all votes taken in connection therewith.

Compensation and Benefits

It is the strict policy of the Corporation that all directors, officers and members of committees with board delegated powers shall serve without compensation of any kind. Further, no director, officer or member of a committee with board delegated powers shall solicit or accept anything of value, including a gift, loan, reward, promise of future employment, favor or service, based on any understanding that the vote, official action or judgment of the director, officer or member of a committee with board delegated powers would be influenced thereby.

Nepotism

To further protect the interests of the Corporation, the Board of Directors establishes the following provisions to avoid nepotism:

a. No employee of the charter school shall be immediate family to any member of the board or to a charter school employee with supervisory authority unless such proposed employment is disclosed to the board of directors and approved by the board in a duly called open session meeting. The burden of disclosure of such a conflict of interest shall be on the applicable board member or employee with supervisory authority.

b. No teacher or staff member that is immediate family of the chief administrator shall be hired without the board evaluating their credentials, establishing a structure to prevent conflicts of interest, and notifying the Department of Public Instruction, with evidence, that this process has occurred.

Annual Statements

Each director, officer and member of a committee with board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflict of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Corporation is a charitable organization and that in order to maintain its federal tax-exempt status it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Resources used for this Policy:

Chapter 55A of NC General Statutes (Nonprofit Corporation Act)

G.S. 115C-12.2; 115C-218.15(b)

Charter Agreement (Section 4.3)

WPA Bylaws (Article 8)

DPI Training Materials (from Ready to Open Framework)

WAKE PREPARATORY ACADEMY, INC.

**CONFLICT OF INTEREST
ANNUAL STATEMENT**

THE UNDERSIGNED, being a director, officer or member of a committee with governing board delegated powers, hereby affirms the following:

1. I have received a copy of the Conflict of Interest Policy,
2. I have read and understand the Conflict of Interest Policy,
3. I agree to comply with the Conflict of Interest Policy, and
4. I understand that the Wake Preparatory Academy, Inc. is a charitable organization and that in order to maintain its federal tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signed this _____ day of _____, 20__.

[PRINT NAME]