



CONFLICTS OF INTEREST POLICY OF KIPP CHARLOTTE

I. Introduction

The purpose of this policy is to protect KIPP Charlotte's interest 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 applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

These definitions will be used to monitor compliance:

- **Interested person:** Any Director, principal officer, or member of a committee with Board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
- **Financial interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment or family such as
 - (1) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or
 - (2) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
 - (3) 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. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

II. Procedures

In connection with any actual or possible conflicts of interest, an interested person has a duty to disclose the existence of his or her financial interest and all material facts relating thereto to the Board of Directors.

After disclosure of the financial interest and all material facts relating thereto, and after any discussion thereof, the interested person shall leave the Board of Directors' meeting while the financial interest is discussed and voted upon. The remaining Board of Directors shall decide if a conflict of interest exists.

These procedures will be followed to address the conflict of interest:

- (1) An interested person may make a presentation at the Board of Directors meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
- (2) The Chairman of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(3) After exercising due diligence, the Board of Directors shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(4) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit 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.

III. Violations

If the Board of Directors 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.

If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board of Directors 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.

Formal records of proceedings will be kept. The minutes of the Board of Directors and all committees with Board-delegated powers shall contain the names of persons with financial interest, the names of persons present during discussions, and annual statements of acknowledgement.

- **Names of persons with financial interest:** 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 of Directors' decision as to whether a conflict of interest in fact existed.
- **Names of persons present:** 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 therewith.
- **Annual statements:** Each Director, principal officer and member of a committee with Board-delegated powers shall annually sign a statement which affirms that such person --
 - (a) *Receipt* - Has received a copy of the Conflicts of Interest Policy.
 - (b) *Read and Understands* - Has read and understands the policy.
 - (c) *Agrees to Comply* - Has agreed to comply with the policy.
 - (d) *Tax Exemption* - Understands that the Corporation is a charitable organization and that, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.



IV. Periodic reviews

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the Corporation may conduct periodic reviews.

V. Effective date

This policy has been in use since KIPP Charlotte was chartered in 2007. It was reviewed in July 2009 and will be effective Aug. 1, 2009.