



BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY

SECTION 1. BEN FRANKLIN ACADEMY

MISSION

The mission of Ben Franklin Academy is to develop young adults with character like America's founding Renaissance man, Benjamin Franklin: well-read, scientifically curious, and civically engaged.

VISION

Our students will excel academically through a challenging, sequenced curriculum that emphasizes math, science, the arts, and literacy. We will be a data-driven institution, focusing on individual students. Our students, teachers, parents, staff, and leaders will be held accountable for the success of our school. Finally, we recognize that an education is incomplete without fostering social emotional development, character, sports, and nature.

PURPOSE

The purpose of this policy is to protect Ben Franklin Academy's (BFA) interest, including, but not limited to, BFA's status as a tax-exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of BFA's Board or Directors (Board), a member of a committee with Board-delegated powers ("Committee Member"), or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace the Bylaws of BFA and any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations.¹

SECTION 2. DEFINITIONS

Interested Person

Any director, officer, or Committee Member with powers delegated from the Board 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:

- A. An ownership or investment interest in any entity with which BFA has a transaction or arrangement,
- B. A compensation arrangement with BFA or with any entity or individual with which BFA has a transaction or arrangement,
- C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which BFA is negotiating a transaction or arrangement.

Compensation includes direct or indirect remuneration as well as gifts or favors.

A Financial Interest is not necessarily a conflict of interest.

¹This policy is based on the IRS model Conflict of Interest Policy, which is an attachment to IRS Form 1023. This policy also adds information needed to allow BFA to assess director independence in order to answer questions on IRS Form 990.

SECTION 3: PROCEDURES

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 Board within a reasonable time frame.

Recusal of Self

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

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 meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board directors shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest

- A. An Interested Person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- B. The Board 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 shall determine whether BFA 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 reasonable possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in BFA'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.

Violations of the Conflict of Interest Policy

- A. If the Board or any director has reasonable cause to believe a director, officer, or Committee Member has failed to disclose actual or possible conflicts of interest, it shall inform the director, officer, or Committee Member of the basis for such belief and afford the director, officer, or Committee Member an opportunity to explain the alleged failure to disclose.
- B. If, after hearing the director, officer, or Committee Member's response, the Board determines director, officer, or Committee Member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

SECTION 4. 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 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.

SECTION 5. COMPENSATION

BFA's Bylaws provide that directors shall receive no compensation for their services except that reimbursement may be made for any expenses incurred for BFA by any director pursuant to and upon authorization of the Board and following BFA's internal financial policies.

SECTION 6. ANNUAL STATEMENTS

Each director, officer, and Committee Member with Board-delegated powers shall upon taking office and thereafter annually sign a statement that 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 BFA is a public charter school and charitable in nature and that in order to maintain its federal tax exemption and charter contract it must engage primarily in activities which accomplish one or more of its tax-exempt purposes and comply with the terms of its charter contract, as amended from time to time, and any and all applicable state and federal laws.

Each voting member of the Board shall annually sign the Ben Franklin Academy Board of Director Certification Form (Annual Disclosure Form).

If at any time during the year, the information in the Annual Disclosure Form changes materially, the director, officer, or Committee Member shall disclose such changes and revise the Annual Disclosure Form.

The Board shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

SECTION 7. PERIODIC REVIEWS

To ensure BFA operated in a manner consistent with its 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 companies, if any, conform to BFA's written policies, are properly reported, reflect reasonable investment or payments for goods and services, further proper charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

SECTION 8. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Section 7, BFA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Reviewed and Approved by the Board: 9/21/2021

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