THE CHARTER SCHOOL OF WILMINGTON

CONFLICT OF INTEREST POLICY

PURPOSE

The purpose of this conflict of interest policy is to protect the interests of The Charter School of Wilmington Inc. (CSW) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director or administrator of CSW. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

DEFINITIONS

A. Interested Person

Any director, principal officer, member of a committee with board-delegated powers, or member of the administration of CSW who has a direct or indirect financial interest, as defined in Section B below, is an Interested Person.

B. 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 CSW has a transaction or arrangement, or

(b) A compensation arrangement with any entity or individual with which CSW has a transaction or arrangement, or

(c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CSW is negotiating a transaction or arrangement.

C. Compensation

As used in Section B(b), “compensation” includes any direct or indirect remuneration, including but not limited to commissions or fees or similar remuneration, salary or other compensation received as an employee or as an independent contractor, or gifts or favors
that are substantial in nature.

D. **Financial Interest Not Necessarily a Conflict of Interest**

A financial interest is not necessarily a conflict of interest. An Interested Person may have a conflict of interest under this policy only if the appropriate board or committee decides that a conflict of interest exists.

**PROCEDURES**

E. **Duty to Disclose**

In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence of his or her financial interest and all material facts to the directors and members of committees with board delegated powers where such persons are considering the proposed transaction or arrangement.

F. **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 or 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 meet to carry out the procedures set forth in Section G below.

G. **Procedures For Addressing The Conflict of Interest**

(a) An Interested Person may be asked to make a presentation to the board or committee, and after such presentation he/she may be asked to leave the meeting or otherwise refrain from further participation in such meeting during the discussion of, and the vote on, the transaction or arrangement that poses a potential conflict of interest.

(b) The chairperson the board or committee may appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement and to report such alternatives to the board or committee.

(c) After exercising due diligence, the board or committee shall determine whether CSW can reasonably pursue a comparable transaction or arrangement which would not give rise to a potential conflict of interest.
(d) If a comparable transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a potential conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors or members whether the transaction or arrangement is in the best interest of CSW and for its own benefit and whether the transaction is fair and reasonable to CSW and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

H. Violations Of The Conflicts 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 response of the member and making such further investigation as may be warranted in 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.

I. Conduct

(a) While at all times acting in a manner consistent with the requirements of applicable open meeting laws, and without infringing the diligence necessary for a determination of a conflict of interest, the board and committee shall strive wherever reasonably possible to minimize disclosures of personal information regarding Interested Persons.