

VANGUARD CLASSICAL SCHOOL Conflict of Interest Policy

1.0 Preface. Directors hold a position of trust, created in the interest of the common good and for the benefit of Vanguard Classical School ("the School"). Directors are volunteers and receive no compensation for service on the Board. The Board may make provision for the School to reimburse Directors for reasonable and appropriate out-of-pocket expenses they incur for the benefit of the School and properly document for the records of the School. Directors are not be disqualified from receiving reasonable compensation for services rendered to or for the benefit of the School in a capacity other than as a Director, subject to the balance of this Policy.

2.0 Definition. Conflicting interest transactions are those in which a Director may benefit financially from a transaction entered by the School. Conflicting interest transactions include those (1) with a Director; (2) with any entity in which a Director has an ownership or investment interest or with which a Director has a compensation arrangement; (3) with any "party related to a director" as that term is defined in COLO. REV. STAT. § 7-128-501(5); and (4) that entail service of the Director as the Director of an entity with which the School has financial transactions.¹

3.0 Ability Connection Colorado. Ability Connection Colorado (ACCO), a nonprofit advocacy organization and the School have closely related and compatible missions and interests. ACCO has also materially subsidized the School budget each year of the School's existence up to the date of adoption of this policy. ACCO and School have a Services Contract in which the School pays for certain ACCO supports. ACCO appoints two (2) Directors to the Board of School. The ACCO-appointed Directors shall be deemed to have and to have disclosed their conflict-of-interest in relation to the Services Contract through this Section 3.0. Action on the Services Contract shall be taken as otherwise provided in Section 7.0, 8.0 and 9.0 below.

4.0 Disclosure by Directors. Directors shall disclose any known present or potential conflicts of interest to the Board in writing prior to or at the time set for voting on any conflicting interest transaction. Minutes of a disclosure made at a meeting may serve as such a writing. Minutes shall accurately reflect all disclosures, and written disclosures submitted by a Director shall be attached to the minutes of the meeting at which, or the first meeting after, such disclosure has been made.

5.0 Nonfinancial Conflicts. Though conflicting interest transactions, as defined above, are the principal subject of this policy, a Director may appropriately disclose the existence of a nonfinancial conflict of interest. Such conflicts may be treated analogously to financial conflicts, as appropriate, under the other provisions of this policy.

6.0 Determination of No Conflict. Upon disclosure, it is presumed that the matter disclosed creates a conflict of interest. Directors not implicated in the conflict, however, may, following disclosure of all material facts, determine by motion passed by a majority of those not implicated in the disclosure that no conflict of interest exists. Despite a determination of no

¹ The School is required by the Charter Schools Act to organize as a nonprofit corporation, COLO. REV. STAT. § 22-30.5-104(4), and the Colorado Revised Nonprofit Corporation Act, in turn, provides the principal regulation of charter school conflicting interest transactions. COLO. REV. STAT. § 7-128-501.

conflict by the Board, an individual Director may elect to abstain from voting on a matter, as their conscience or prudence dictates, due to an appearance of conflict.

7.0 Quorum — Discussion — Executive Session. Directors with a conflict may be counted present for purposes of determining a quorum to act and may discuss such transactions in public session. See Colo. Rev. Stat. § 7-128-501(4). Directors with a conflict shall not attend an executive session, if any, in which the transaction is discussed, nor shall they lobby the Board (that is, communicate for purposes of persuasion outside public session) on a matter on which they have a conflict.

8.0 Voting. Board members with conflicting interests shall not vote on such transactions. To assure proper documentation, votes on conflicting interest transactions shall be recorded in the minutes by roll call.

9.0 Appropriate Benefit to the School. In any case in which one or more Directors has a conflict of interest, the disinterested Directors, after exercising due diligence, shall determine whether the School will receive appropriate benefit — in general, benefit equal to or better than the market rate available for the product or service in question. The Board may not approve a conflicting interest transaction in which the School will pay a materially higher-than-market rate. The Board may require an appraisal, market survey, competitive bids, or other steps, as appropriate to the nature of the transaction, service or product, to document value received.

10.0 Violation. If the Board has reasonable cause to believe a Director has failed to disclose actual or possible conflicts of interest, or otherwise violated this policy, it shall inform the Director of the basis for such belief and afford the Director an opportunity to explain the alleged failure to disclose. If, after hearing the Director's response and after making further investigation as warranted by the circumstances, the Board determines the Director has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, up to and including removal from the Board.

11.0 Employees.

11.1 No employee shall take any compensation or profit from items sold to parents or students by or through the School, unless such transaction has been approved in advance, in writing, by the Executive Director, upon a determination that the best interests of both the School and the students are served thereby.

11.2 No employee may authorize or enter, for the School, a transaction between the School and the employee, in a capacity not related to their employment, that would be a "conflicting interest transaction" if entered by a Director. Such conflicts include, without limitation, transactions involving a related party or a business entity in which the employee has an interest (as otherwise defined in paragraph 2.0). If an employee with a conflict is recommending such a transaction for Board approval, the employee must (1) disclose the conflict to the Board; and (2) provide the Board with satisfactory evidence that the School will receive appropriate benefit as defined in paragraph 9.0.

12.0 Effective Date. This policy applies to all transactions entered after the date of its

adoption, as reflected in minutes of the Board. As this policy imposes procedures and other obligations that go beyond applicable rules of law, no action preceding the effective date shall be deemed invalidated by any inconsistency with this policy. See, e.g., Colo. Rev. Stat. § 7-128-501(3).

REFERENCES: COLO. REV. STAT. §§ 7-128-501; 18-8-308; 22-30.5-104(4); 22-30.5-704.