



VIBRANT MINDS CHARTER SCHOOL

TK-6 Grade, Free, Public Education

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BOARD POLICY CONFLICT OF INTEREST

ARTICLE I

Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of Vibrant Minds Charter School, a California nonprofit public benefit corporation (the "Corporation"), when the Corporation or any of its officials is making any decision that might benefit the private financial interest of one or more of the Corporation's directors, officers, employees, or other officials and/or relatives of such persons. This policy is intended to supplement but not replace any state and federal laws applicable to the Corporation or its officials and the provisions of any charter granted to the Corporation for the operation of a public charter school.

Each official of the Corporation has the responsibility of performing his or her office in good faith, in a manner that the official reasonably believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. In his or her dealings with or on behalf of the Corporation, each official of the Corporation must be ever mindful of possible and actual conflicts of interest.

ARTICLE II

Definitions

For purposes of this Conflict of Interest Policy:

Board -- "Board" means the board of directors of the Corporation.

Business Entity -- "Business entity" means any organization or enterprise operated for profit, including but not limited to a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation, or association.

Conflict of Interest -- An official of the Corporation has a "conflict of interest" when the official knows or has reason to know that a decision to be made by or on behalf of the

Corporation will have a reasonably foreseeable material financial effect on one or more of the official's economic interests, unless the official can establish either: (1) that the effect is indistinguishable from the effect on the public generally, or (2) the official's participation is legally required.

Covered Person -- "Covered person" means any director or officer of the Corporation, any member of senior management of the Corporation, and any other person designated in writing by the Board or by the chief executive officer of the Corporation.

Director -- "Director" means a member of the Board.

Economic Interest -- An official of the Corporation has an "economic interest" in the official's personal finances and those of the official's immediate family and in anything or anyone listed in clauses (a) through (e) below.

- Any business entity in which the official has a direct or indirect investment worth at least two thousand dollars (\$2,000).
- Any real property in which the official has a direct or indirect interest worth two thousand dollars (\$2,000) or more in fair market value.
- Any person from whom the official has received income, including commission income and incentive compensation, aggregating five hundred dollars (\$500) or more within 12 months prior to the time when the relevant decision is made. An official's income includes income which has been promised to the public official but not yet received by the official, if the official has a legally enforceable right to the promised income.
- Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
- Any donor of, or any intermediary or agent for a donor of, a gift or gifts amounting to a total of at least four hundred sixty dollars (\$460) provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.

Financial Effect -- "Financial effect" means an effect that provides a benefit of monetary value or provides, prevents, or avoids a detriment of monetary value.

Immediate Family -- "Immediate family" means the spouse and dependent children.

Indirect Investment or Interest -- An "indirect" investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of the official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially at least a 10-percent interest.

Official -- Each director, officer, and employee of the Corporation and each consultant or member of any advisory body of the Corporation to whom the Corporation has delegated decision-making authority is deemed an "official" of the Corporation when acting in such capacity.

Relative -- A "relative" of a person means a member of the immediate family of a person.

ARTICLE III

Prohibited Conduct

Notwithstanding anything to the contrary in this Conflict of Interest Policy,

- **Prohibited Participation in Decision-Making**

Each official of the Corporation shall comply with all applicable provisions of the Political Reform Act of 1974. An official of the Corporation may not make, participate in making, or in any way attempt to use his or her official position to influence a decision of the Corporation in which the official knows or has reason to know the official has a conflict of interest, provided that this provision does not prevent any official from making or participating in the making of a decision to the extent the official's participation is legally required for the action or decision to be made. The fact that an official's vote is needed to break a tie does not make the official's participation legally required for purposes of this paragraph.

The Regulations of the Fair Political Practices Commission, Title 2, Division 6, Chapter 7 of the California Code of Regulations adopted with respect to the Political Reform Act of 1974 shall guide the interpretation of the provisions of the foregoing paragraph.

- **Prohibited Contracts**

Each official of the Corporation shall comply with all applicable provisions of Sections 1090 to 1099 of the California Government Code. Officials of the corporation shall not be financially interested in any contract made by them in their official capacity or, in the case of a member of the board or a committee of the board, by the board or committee. Nor shall such persons be purchasers at any sale or vendors at any purchase made by them in their official capacity. For these purposes, a member of the board or a committee of the board shall not be deemed to be interested in a contract entered into by the board or committee if (a) the member has only a remote interest (as such term is defined in Sections 1091 and 1091.4 of the California Government Code) in the contract, the fact of that interest is disclosed to the board or committee and noted in the official records of the board or committee, as applicable, and thereafter the board or committee authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the person with the remote

interest, and (b) the member with the remote interest has not influenced or attempted to influence another member of the board or committee to enter into the contract. A “remote interest” includes that of an officer or employee of a nonprofit entity exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code or a nonprofit corporation. For purposes of this provision, a person shall not be deemed to be interested in a transaction or arrangement if the interest is of a type specified in Section 1091.5 of the California Government Code, including (a) that of a nonsalaried member of a nonprofit corporation, provided that this interest is disclosed to the board or committee, as applicable, at the time of the first consideration of the contract, and provided further that this interest is noted in the official records of the board or committee and (b) that of a noncompensated officer of a nonprofit, tax-exempt corporation, which, as one of its primary purposes, supports the functions of the Corporation, and provided further that this interest is noted in the official records of the board or committee, as applicable.

ARTICLE IV

Procedures

Subject to the provisions of Article III, particularly those provisions regarding prohibited contracts, and to any contrary provisions of applicable state and federal laws governing conflicts of interest –

- Duty to Disclose
 - Officials Other than Directors. If an official of the Corporation other than a director has knowledge that the official has an actual or possible conflict of interest with respect to a decision to be made by the board, by a committee of the board, or by a different person, the official must disclose the existence of the actual or possible conflict of interest and must be given the opportunity to disclose all material facts to the decision-maker. After disclosure of the actual or possible conflict of interest, the official shall recuse himself or herself from discussing the matter. If the decision is to be made by the board or a committee of the board, the official shall leave the room until after the discussion, vote, and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters.

If an official of the Corporation other than a director has knowledge that the official has an actual or possible conflict of interest with respect to a decision that otherwise would be made by the official, the official must submit a written disclosure of the actual or possible conflict of interest and all material facts to the official’s supervisor, who shall immediately reassign the decision to a disinterested decision-maker and shall forward the disclosure notice to the chief executive officer of the Corporation, who shall record the official’s disqualification. In the case of an official who reports directly to the board, the official shall submit the written disclosure to the board, and the board shall make the decision involving the actual or possible conflict of interest or assign the decision to a

committee of the board or to a disinterested decision-maker. After disclosure of the actual or possible conflict of interest, the official shall recuse himself or herself from discussing the matter. If the decision is to be made by the board or a committee of the board, the official shall leave the room until after the discussion, vote, and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters.

- Directors. If a director has knowledge that the director has an actual or possible conflict of interest with respect to a decision to be made by or on behalf of the Corporation, the director must disclose the existence of the actual or possible conflict of interest and must be given the opportunity to disclose all material facts to the board.
 1. In the case of disclosure of a possible conflict of interest, upon proper notice, the board may determine whether the possible conflict of interest gives rise to an actual conflict of interest. After disclosure of the possible conflict of interest, the director shall recuse himself or herself from discussing and voting on whether an actual conflict of interest exists. The director shall leave the room until after the discussion, vote, and any other disposition of the matter is concluded. If the board, by the vote of majority of the directors then in office without counting the vote of the potentially interested director, and with knowledge of the material facts concerning the decision and the director's interest in the decision, determines that no actual conflict of interest exists, then the director shall be deemed not to have a conflict of interest and, if otherwise appropriate, may fully participate in the making of the decision.
 2. Unless the board finds that no actual conflict of interest exists pursuant to clause (a) above, after disclosure of the actual or possible conflict of interest, the director shall recuse himself or herself from discussing and voting on the matter and the board shall make the decision involving the actual or possible conflict of interest. The director shall leave the room until after the discussion, vote, and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters.
- Disclosure by Other Officials. If an official of the Corporation does not self-disclose an actual or possible conflict of interest, it is the responsibility of other officials of the Corporation who become aware of an actual or possible conflict of interest to bring it to the attention of the responsible parties.

- **Procedures for Addressing a Conflict of Interest in a Transaction or Arrangement**

After receiving disclosure of an actual or possible conflict of interest with respect to a proposed transaction or arrangement, the decision-maker, after reasonable investigation under the circumstances, shall determine whether the Corporation can obtain with reasonable efforts under the circumstances a more advantageous

transaction or arrangement that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement not giving rise to a conflict of interest is not reasonably possible under the circumstances, the decision-maker shall determine (in the case of a conflict of interest concerning a director, by the vote of majority of the directors then in office without counting the vote of the interested director, and with knowledge of the material facts concerning the transaction or arrangement and the director's interest in the transaction or arrangement) whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, whether it is fair and reasonable as to the Corporation, and whether the Corporation may engage in the transaction or arrangement without causing any violation of any applicable provisions of the Political Reform Act of 1974 or Sections 1090 to 1099 of the California Government Code. In conformity with this determination, the decision-maker shall make the decision whether the Corporation should enter into the transaction or arrangement.

- **Violations of the Conflicts of Interest Policy**

If there is reasonable cause to believe that an official of the Corporation has failed to disclose an actual or possible conflict or interest, the official's supervisor (which, in the case of a director or an official that reports directly to the board, is deemed to be the board) shall inform the official of the basis for such belief and afford the official an opportunity to explain the alleged failure to disclose.

If, after hearing an official's response and after making further investigation as warranted by the circumstances, the supervisor determines that an official has failed to disclose an actual or possible conflict of interest, the supervisor shall take such disciplinary and corrective action, if any, that the supervisor deems appropriate and that is within the supervisor's authority. The supervisor may report the circumstances of the non-disclosure and any action taken to more senior management for record or for further action. Subject to the terms of any employment contract, disciplinary action may include termination of employment.

ARTICLE V

Records of Proceedings

The minutes of the board and of all committees of the board and any memo prepared by any individual to whom is delegated authority to make a decision involving a conflict of interest shall contain:

- The names of the persons who disclosed or otherwise were found to have a conflict of interest in connection with a decision made by the board, committee or individual, the nature of the conflict of interest, and a description of any action taken to avoid the conflict of interest.
- The names of persons who were present for discussions and their votes or abstentions relating to a decision involving a conflict of interest.

ARTICLE VII

Declarations

Each official of the Corporation shall, upon commencing his or her position with the Corporation and thereafter as may be requested by the Corporation, complete and execute a Declaration in the form attached as Form A or as that form may be modified by the Corporation from time to time that affirms that such person has received a copy of this Conflict of Interest Policy, has read and understands the Policy and has agreed to comply with the Policy.

In addition to the foregoing, each covered person shall, annually following the end of each fiscal year of the Corporation and as may be requested by the Corporation, complete and execute a Declaration in the form attached as Form B or as that form may be modified by the Corporation from time to time that affirms that such person has received a copy of this Conflict of Interest Policy, has read and understands the Policy and has agreed to comply with the Policy.

The completion, execution, and submission of a Declaration by an official of the Corporation pursuant to this Policy does not fulfill or replace any obligation of the official to file such California Form 700 Statements of Economic Interests as may be required by a Conflict of Interest Code adopted by the Corporation or by applicable law.

Review of Policy

This policy may be reviewed periodically by the VMCS Board.

Adopted: October 14, 2020

Amended:

Form A

**VIBRANT MINDS CHARTER SCHOOL
CONFLICT OF INTEREST DECLARATION**

Pursuant to the Conflict of Interest Policy ("Policy") adopted by the Board of Directors of Anaheim Academy (the "Corporation"), I affirm that:

1. I have received a copy of the Policy.
2. I have read and I understand the Policy.
3. I agree to comply with the Policy.
4. I understand that the Corporation is charitable 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.

I execute this Declaration at _____, on this
_____ day of _____, 20_____.

Signature

Typed or Printed Name

Position

Form B

**VIBRANT MINDS CHARTER SCHOOL
ANNUAL CONFLICT OF INTEREST DECLARATION**

Pursuant to the Conflict of Interest Policy ("Policy") adopted by the Board of Directors of Vibrant Minds Charter School (the "Corporation"), a copy of which has been furnished to me, I hereby answer the following questions to the best of my knowledge and submit the following information to the Corporation's Board of Directors.

1. Have you or any relative (as defined in the Policy) received compensation from the Corporation for services rendered as a full or part-time employee, independent contractor, or otherwise during the period July 1, _____ through June 30, _____?

Yes No

If the answer is "yes", please state the compensation received by you or the relative and his or her relationship to you and describe the services rendered.

2. Do you have a conflict of interest (as defined in the Policy) with respect to any transaction or arrangement to which the Corporation became a party during the period July 1, _____ through June 30, _____? For this purpose, a "transaction" includes a contract, loan, deposit, lease, rental, transfer of assets, purchase of goods or services, gifts, or other business dealings whether or not money payment is involved.

Yes No

If "yes", describe the transaction, who was involved, and your interest in any entity so involved.

3. Do you have or did you have in the year ended June 30, _____, a family relationship or business relationship with any director, officer, or employee of the Corporation?

Yes No

If "yes", please describe the relationship.

4. List the for-profit and nonprofit and other entities of which you are an officer, director, principal, trustee, influential employee, or consultant. (Use a separate sheet, if necessary.)

I have read and understand the Corporation's Conflict of Interest Policy and agree to comply with it. I also understand that the Corporation is charitable and that, in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

I hereby agree to report to the Board of Directors of the Corporation any other possible conflict of interest situation that might develop before completion of my next annual Declaration.

I execute this Declaration at _____, on this _____ day of _____, 20_____.

Signature

Typed or Printed Name

Position