



<i>The Classical Academy</i>	<i>Policies and Procedures</i>
Policy Name:	Board Conflict of Interest
Policy Number:	BCB-TCA
Original Date:	5/11/2015
Last Reviewed:	10/16/2023
Category:	Board
Author:	TCA Directors with Legal Counsel
Approval:	TCA Board of Directors

BOARD CONFLICT OF INTEREST

This conflict of interest policy (this “Policy”) was adopted by the Board of Directors of **THE CLASSICAL ACADEMY (“TCA”)**, a Colorado nonprofit corporation, on December 12, 2016.

Article I

Purpose

The purpose of this Policy is to protect TCA’s interest in a transaction or arrangement that might benefit the private interest of an officer or director of TCA and avoid a possible excess benefit transaction. This policy is intended to supplement but not replace applicable state and federal laws, including Section 7-128-501, Colorado Revised Statutes, governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II

Definitions

1. Interested Person

Any TCA Board Member or principal officer, with a direct or indirect Financial Interest, as defined below, is an Interested Person. If a person is an Interested Person with respect to TCA or any entity in any family of entities of which TCA is a part, he or she is an Interested Person with respect to all entities in the family.

2. 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 TCA has a transaction or arrangement, or
- b. a compensation arrangement with TCA or with any entity or individual with which TCA has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which TCA is negotiating a transaction or arrangement.

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

An Interested Person has a Financial Interest whenever that Interested Person, or a family member of that Interested Person, has a fiduciary duty to another entity that may prevent the Interested Person from acting in the best interests of TCA. For purposes of this Policy, family member includes any person related by blood or marriage to the Interested Person.

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2 of this Policy, a person who has a financial interest will have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

A Conflict of Interest is any situation in which an Interested Person is involved in a TCA board decision, transaction, or action on behalf of TCA where their multiple interests, financial or otherwise, might possibly bias the motivation of the Interested Person in their role at TCA.

Article III

Procedures

1. Duty to Disclose

For any TCA transaction where an Interested Person may have an actual or possible Conflict of Interest, that Interested Person shall disclose the existence of the Financial Interest and all material facts to the TCA Board of Directors.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the Financial Interest and all material facts by an Interested Person to the TCA Board of Directors, the Board will review and discuss the potential Conflict of Interest. Following the Board's procedures, the Board will vote to determine if a Conflict of Interest exists. The Interested Person will recuse themselves from participation in the discussion and vote on whether a Conflict of Interest exists.

3. Procedures for Addressing the Conflict of Interest

After full disclosure of a potential Conflict of Interest by an Interested Person and a determination that a Conflict of Interest exists, the Interested Person shall recuse themselves from participation in the discussion and debate of the applicable transaction.

The determination that a Conflict of Interest exists and the recusal of any Interested Persons in a transaction does not prevent TCA from approving the transaction or engaging in an action in the best interests of TCA.

4. Violations of the Policy

- a. If a TCA Director has reasonable cause to believe that an Interested Person has failed to disclose a possible Financial Interest in a potential TCA transaction or arrangement, they shall inform the TCA Board of Directors of the basis for such belief.
- b. The TCA Board will question the Interested Person and provide an opportunity to explain the alleged failure to disclose.

- c. After hearing the response of the Interested Person and making any further investigation that is warranted by the circumstances, the TCA Board of Directors will determine if there is a Conflict of Interest in accordance with paragraph 2.
- d. If a Conflict of Interest is determined to exist by the TCA Board of Directors and the Interested Person failed to disclose the Conflict of Interest, the Board will take appropriate disciplinary action. Failure by a TCA Board Member to disclose a Conflict of Interest in a TCA transaction subject to Board action requires the TCA Board to consider and implement that Member's removal from the Board as permitted in the TCA Bylaws.

5. Potential Opportunities

TCA Directors may not take advantage of business opportunities presented to TCA for their own advantage.

Article IV

Records of Proceedings

The minutes of the TCA Board of Directors must contain:

- a. The names of any Interested Persons who disclosed or were found to have a Financial Interest in a potential TCA transaction,;
- b. The nature of the Financial Interest.
- c. Any action taken to determine whether a Conflict of Interest exists.
- d. The TCA Board of Directors' decision whether a Conflict of Interest exists.

Article V

Annual Statements

Every TCA Director and principal officer must annually sign a disclosure statement which affirms that

- a. The Director or principal officer received a copy of the Conflict of Interest policy,
- b. The Director or principal officer has read and understands the policy,
- c. The Director or principal officer agrees to comply with the policy,
- d. The Director or principal officer understands that TCA is a tax-exempt organization that must engage in primarily in activities which accomplish one or more of its tax-exempt purposes to maintain its federal tax exempt status, and
- e. The Director or principal officer has disclosed any potential conflicts of interests.

Article VI
Periodic Reviews

To ensure that TCA operates in a manner consistent with its tax-exempt purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews will be conducted. The periodic reviews will include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable (based on competent survey information) and are the result of arm’s-length bargaining.
- b. Whether acquisitions of goods and services since the date of the previous review result in inurement, impermissible private benefit, or in an excess benefit transaction.
- c. Whether partnerships, joint ventures, and arrangements with management organizations conform to TCA’s written policies, are properly recorded, reflect reasonable payments for goods and services, further TCA’s charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.
- d. Whether all other agreements entered into by TCA further TCA’s charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Article VII
Use of Outside Experts

In conducting the periodic reviews provided for in Article VI of this Policy, TCA may, but is not required to, use outside advisors. If outside experts are used, their use does not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

Policy Revision History

<i>Date</i>	<i>Revision Details</i>	<i>Revised By</i>
5/11/2015	New policy created.	Brad Miller
10/17/2016	Minor wordsmithing; “shalls” to “wills.”	Brad Miller and approved by the Board
1/9/17	Clearer definition of terms and what may constitute a Board member to recuse their participation in discussions	Board and reviewed by Board legal counsel
10/13/2017	None	Governance Committee recommended and approved by the TCA Board
9/09/2019	No changes.	Governance Committee recommended and approved by the TCA Board
8/30/2021	Formatting and small grammar corrections.	Governance Committee recommended and approved by the TCA Board.

10/16/2023	Minor grammatical changes; Page 3, Article V, item d., removed “exemptions” and added “exempt status, and”; Page 4, Article VII, removed “need not” and added “is not required to”	Governance Committee recommended and approved by the TCA Board.
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