

### 15.3 Conflict of Interest Policy

Board Approved 12/2022

#### 15.3.1 Legal Reference:

Utah Code § 20A-14-202(4)

Utah Code § 67-16-4-6

#### 15.3.2 Purpose

The Board of Directors of Vanguard Academy (“Vanguard”) has established this policy to prevent the personal interest of board members, staff members, and volunteers from interfering with the performance of their duties to Vanguard, and to prevent personal financial, professional, or political gain on the part of such persons at the expense of Vanguard’s members, supporters, and other stakeholders. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

**15.3.3 Scope:** All board members, officers, and directors.

#### 15.3.4 Definitions

**Board:** the Board of Directors.

**Compensation:** direct and indirect remuneration as well as gifts or favors that are not unsubstantial.

**Conflict of Interest:** (also “Conflict”) means a conflict, or the appearance of a conflict, between the private interests and official responsibilities of a person in a position of trust.

**Interested Person:** Any director, officer, or member of a committee with governing board delegated powers, 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:

1. An ownership or investment interest in any entity with which Vanguard Academy has a transaction or arrangement,
2. A compensation arrangement with Vanguard Academy or with any entity or individual with which Vanguard Academy has a transaction or arrangement, or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Vanguard Academy is negotiating a transaction or arrangement.

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4. Compensation which includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest, only if, the conflict of interest policy and procedures defined below, determine that a conflict of interest exists.

**Officer:** an officer or member of the Board of Directors.

**Staff Member:** means a person who receives all or part of her/his income from the payroll of Vanguard.

**Supporter:** corporations, foundations, individuals, 501(c)(3) nonprofits, and other nonprofit organizations who contribute to Vanguard.

**Volunteer:** a person -- other than a board member -- who does not receive compensation for services and expertise provided to Vanguard and retains a significant independent decision-making authority to commit resources of the organization.

### **15.3.5 Procedures**

1. Duty to Disclose: In connection with any actual, perceived or possible conflict of interest, an interested person must disclose the existence of the conflict of interest or financial interest and be given the opportunity to disclose all material facts related to the conflict, to the Board of Directors, including but not limited to:
  - a. A board member is related to another board member or staff member by blood, marriage or domestic partnership.
  - b. A staff member in a supervisory capacity is related to another staff member whom she/he supervises.
  - c. A board member or his/her organization stands to benefit from a Vanguard transaction or staff member if such organization receives payment from Vanguard for any subcontract, goods, or services other than as part of her/his regular job responsibilities or as reimbursement for reasonable expenses incurred as provided in the bylaws and board policy.
  - d. A board member's organization receives grant funding from Vanguard.
  - e. A board member or staff member is a member of the governing body of a contributor to Vanguard.
  - f. A volunteer working on behalf of Vanguard who meets any of the criteria listed above.
2. Recusal of Self: Any interested person may recuse himself or herself at any time from involvement in any decision or discussion in which the interested person believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
3. Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest all material facts, and after any discussion with the interested person, he/she

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

4. 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 the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - b. The Chairperson of 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 Vanguard Academy 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 reasonably 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 Vanguard Academy'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.
  
5. Violations of the Conflicts of Interest Policy:
  - a. If the Board has reasonable cause to believe 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 member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **15.3.6 Records Of Proceedings**

The minutes of the Board and all committees with board delegated powers shall contain:

1. 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.
2. 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

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the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### **15.3.7 Compensation**

Compensation decisions must be made in accordance with the following:

1. A voting member of the governing board who receives compensation, directly or indirectly, from the school, is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Vanguard Academy for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Vanguard Academy, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

### **15.3.8 Annual Statements**

Each director, board member, and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflict of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands Vanguard Academy is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes

If at any time during the year, the information in the annual disclosure statement changes materially, the director 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 disclosure statements and taking such other actions as are necessary for effective oversight.

### **15.3.9 Periodic Reviews**

To ensure Vanguard Academy operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted.

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When conducting the periodic reviews, Vanguard may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to Vanguard Academy's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefit or in an excess benefit transaction

## Vanguard Academy Conflict of Interest Disclosure Form

Fiscal Year \_\_\_\_\_

This form must be completed annually by all parties as identified in Vanguard's Conflict of Interest Policy.

\_\_\_\_\_ I have no conflict of interest to report

\_\_\_\_\_ I have the following conflicts of interest to report (please specify):

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The undersigned, by the affixed signature, acknowledges understanding of the implications of this policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date