

## CONFLICT OF INTEREST POLICY

FOR

LOS ANGELES ACADEMY OF ARTS AND ENTERPRISE,

a California Nonprofit Public Benefit Corporation

The purpose of this Conflict of Interest Policy (“Policy”) is to protect Los Angeles Academy of Arts and Enterprise (“Charter School”) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Charter School. The Charter School is committed to maintaining the highest ethical standards and effective governance to ensure its directors, officers, employees, and volunteers observe standards of business and personal ethics in the conduct of their duties and responsibilities.

- A. Purpose of Conflict of Interest Policy. This Policy is intended to supplement, but not replace,
  - 1. any applicable state and federal laws governing conflicts of interest applicable to California public charter schools; and
  - 2. the Charter School’s Conflict of Interest Code, adopted pursuant to the Political Reform Act (Government Code Section 81000 *et seq.*), including the exhibits attached thereto.
- B. Compliance with Conflict of Interest Code.
  - 1. Designated employees shall comply with the Conflict of Interest Code.
  - 2. In accordance with law, Employees of this Charter School, including Governing Board Members (“Board”) and candidates for election and/or appointment to the Board, who hold positions that involve the making or participation in the making, of decisions that may foreseeably have a material effect on any financial interest, shall be “designated employees.” The designated positions are listed in Exhibit A, of the Conflict of Interest Code, which is hereby incorporated by reference.
- C. Procedures
  - 1. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors, who are considering the proposed transaction or arrangement.

2. 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, the interested person shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.
3. Procedure for Addressing the Conflict of Interest. In the event that the Board determines that a proposed transaction or arrangement presents a conflict of interest, the Board shall make a determination pursuant to federal and state laws applicable to charter schools.
4. Violations of the Conflict of Interest Policy. If the Board has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose. If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the Board determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
5. Records and Procedures. The minutes of the Board and shall contain:
  - a. 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.
  - b. 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 the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
6. Annual Statements. Each director, principal officer, and member of a committee with Board delegated powers shall annually affirm that he or she:
  - a. Has received a copy of the conflict of interest policy;
  - b. Has read and understands the policy; and
  - c. Has agreed to comply with the policy.