

The Classical Academy, Inc.

Board of Directors Meeting



**The Classical Academy
Classical Academy Middle School
The Classical Academy, Vista
Classical Academy High School
Classical Academy, Online**

**Tuesday, September 11, 2018
3:30 p.m.**

**Classical Academy Online
207 East Pennsylvania Avenue
Escondido, California 92025**



THE CLASSICAL ACADEMIES

· ESCONDIDO | VISTA | OCEANSIDE | ONLINE ·

The Classical Academy, Inc. Board of Directors Meeting

Tuesday, September 11, 2018 at 3:30 pm
Classical Academy High School – Study Hall
207 E. Pennsylvania Avenue, Escondido, CA 92025

AGENDA

1. Open Public Meeting with Pledge of Allegiance **3:30 pm**
2. Review and Approval of Past Minutes
 - Meeting of May 21, 2018
 - Meeting of June 30, 2018
3. Correspondence
 - Written
 - Oral – 2 minute maximum per speaker
4. Student Voice: Update from Charley Larkin, ASB Student at CAHS
5. Treasurer's Report
 - Financial Update
 - Classified Increase of 5%
6. New Business
 - A. Board Member Resignation
 - B. Presentation: Brown Act & COI Overview
 - C. Board Bylaws Review & Adopt
 - D. Board Conflict of Interest (COI) Review and Adopt
 - E. Legal Opinion Review: Mark Reardon's Board Service
 - F. Classical Academy, Vista Memorandum of Understanding
 - G. Student Handbook Review and Approval
 - H. Jumpstart Parent Conference Recap
 - I. Appoint Community Advisory Committee Rep to SELPA
 - J. School Safety Presentation
7. Old Business
 - Enrollment Update
8. Adjournment of Public Meeting
9. Executive Session (Closed Meeting) **5:30 pm**
 - Executive Director's Annual Evaluation
10. Reports from Executive Session
11. Adjournment - Next meeting Tuesday, December 11, 2018

"Partnering With Parents For Quality Education"

A California Public Charter School Serving North County San Diego Since 1999
Accredited by the Schools Commission of the Western Association of Schools and Colleges WASC



CLASSICAL ACADEMY

ESCONDIDO

BOARD OF DIRECTORS

Date May 21, 2018

Call to Order

6:04 PM

Board Members Present:	Mark Reardon, Patricia Huerta, Paul Donovan, Mark Donar, Cameron Curry
Board Members Absent:	
Staff Members Present:	Cameron Curry, Sonia Ryan
Note taker:	Karen Namy

Agenda for May 21, 2018

Report on Executive Session (Closed Session)

No Report Given

Review and Approval of Past Minutes for February 13, 2018

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve past meeting minutes as presented.	Cameron Curry	Mark Donar	5-0	✓	

Correspondence

Written: None Presented
Oral: None Presented

Student Voice

Kylee Moen, ASB Vice President for next year, provided an overview of student activities, including Prom, AP Testing, State Testing and Spring Sports, in which all teams went to playoffs. Graduation will take place at San Pasqual and all are welcome to attend.

Treasurer's Report

Treasurer's Report, Chris Thibodeau

Chris announced that an electronic expenditures for all the directors was just implemented, which is an APP on your phones. Chris provided the board with a financial update which included general 2018-19 budget notes for all schools touching on LCFF, ADA Funding, STRS, CalPers, Revenues/State Funding, Reserves and the Governor's Budget for 2018-19. Note that this budget does not include an increase in the Executive Directors Salary.

Motion	Moved	Second	Vote	Passed	Abstained
Motion to accept financial report as presented.	Mark Donar	Patricia Huerta	4-0	✓	Cameron Curry

New Business

Local Control and Account Ability Plan (LCAP) Presentation, Stacy Perez

Stacy reviewed the LCAP and presented the BODs with updates to the plan.

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept LCAP plan as	Mark	Paul	5-0	✓	



CLASSICAL ACADEMY

ESCONDIDO

presented.	Reardon	Donovan			
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2018/2019 Board Calendar, Cameron Curry.

Cameron presented the Board Calendar noting that meetings will alternate between campuses.

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept Board Calendar as proposed.	Mark Donar	Mark Reardon	5-0	✓	

Employee Survey Results Presentation, Mark Kalpakgian

Mark presented the scores of the survey recently taken and explained the results as compared to the 2015 survey. There were gains in every category surveyed.

School Calendar Discussion and Approval, Jalyn Hall

This is a 3 year calendar, which includes educational days and all holidays and breaks. Parents and employees were surveyed and a compromise was reached.

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept the School Calendar as presented.	Patricia Huerta	Paul Donovan	5-0	✓	

Classified Compensation Model: Review, Discuss, Approve

Compensation committee was pulled together to work through this process and come up with a compensation model.

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve classified compensation model as presented.	Patricia Huerta	Mark Donar	5-0	✓	

EPA (Education Protection Act) Resolution Requirement for State Reporting, Chris Thibodeau

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept EPA Account Resolution for 2017-2018 and 2018-2019.	Patricia Huerta	Mark Donar	5-0	✓	

Old Business

Enrollment Update, Cameron Curry

Cameron presented a detailed analysis of enrollment as of May 1, 2018.

Adjournment

5:17 pm Meeting Adjourned

Next Meeting is scheduled for Tuesday, September 11, 2018 at 3:30 pm.



CLASSICAL ACADEMY

-HIGH SCHOOL-

BOARD OF DIRECTORS

Date	May 21, 2018	Call to Order	2:30 PM
Board Members Present:	Mark Reardon, Patricia Huerta, Paul Donovan, Mark Donar, Cameron Curry		
Board Members Absent:			
Staff Members Present:	Cameron Curry, Sonia Ryan		
Note taker:	Karen Namy		

Agenda for May 21, 2018

Report on Executive Session (Closed Meeting)

No Report Given

Review and Approval of Past Minutes for, February 13, 2018

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve past meeting minutes as presented.	Cameron Curry	Patricia Huerta	5-0	✓	

Correspondence

Written: None Presented
Oral: None Presented

Student Voice

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Motion	Moved	Second	Vote	Passed	Abstained
Motion to approve financial report as presented.	Paul Donovan	Mark Donar	4-0	✓	Cameron Curry

New Business

Future Boss Presentation with 3 Online Students

Each Student shared their experience with the businesses they created, their journey, and success.

Local Control and Account Ability Plan (LCAP) Presentation, Stacy Perez

Stacy reviewed the LCAP and presented the BODs with updates to the plan.

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept LCAP plan as	Mark	Paul	5-0	✓	



CLASSICAL ACADEMY

-HIGH SCHOOL-

presented.	Donar	Donovan			
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2018/2019 Board Calendar, Cameron Curry.

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Motion to accept Board Calendar as proposed.	Mark Reardon	Patricia Huerta	5-0	✓	

Employee Survey Results Presentation, Mark Kalpakgian

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School Calendar Discussion and Approval, Jalyn Hall

This is a 3 year calendar, which includes educational days and all holidays and breaks. Parents and employees were surveyed and a compromise was reached.

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept the School Calendar as presented.	Cameron Curry	Patricia Huerta	5-0	✓	

CIF Sports Agreement Report for Coastal Academy High, Dana Moen

Dana presented the Board with a policy that would allow students to transfer from one school to another (Classical Academy High School & Coastal Academy High School) for one year without being affected by the CIF sit out period. CIF has recommended that this policy be adopted for the next school year only.

Motion	Moved	Second	Vote	Passed	Denied
Motion to adopt the policy as presented.	Mark Donar	Patricia Huerta	5-0	✓	

Classified Compensation Model: Review, Discuss, Approve

Compensation committee was pulled together to work through this process and come up with a compensation model.

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve classified compensation model as presented.	Patricia Huerta	Paul Donovan	5-0	✓	

EPA (Education Protection Act) Resolution Requirement for State Reporting, Chris Thibodeau

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept EPA Account Resolution for 2017-2018 and 2018-2019.	Cameron Curry	Mark Reardon	5-0	✓	

Old Business

Enrollment Update, Cameron Curry

Cameron presented a detailed analysis of enrollment as of May 1, 2018.

Adjournment

4:36 pm Meeting Adjourned



CLASSICAL ACADEMY

-HIGH SCHOOL-

Next Meeting is scheduled for Tuesday, September 11, 2018, at 3:30 pm.

Financial Statements

The Classical Academy

June 30, 2018

The Classical Academy, Inc.
Balance Sheet
As of 6/30/2018

		Current Period
ASSETS		
Current Assets		
Checking/Savings		
Cash in County Treasury	9110	2,700,302.92
Cash TCA-PWB-Pacific Western Bank	9121	1,080,831.83
Cash LLC-PWB-Pacific Western Bank	9122	55,870.00
Cash in Banks Petty Cash	9131	2,500.00
Total Checking/Savings		3,839,504.75
Accounts Receivable		
Accrued Receivables	9202	497,417.57
Due From CAHS	9312	872,875.22
Revenue Fund-Bond	9342-01	840,146.69
Bond Payments Reserve	9343-01	1,943,975.74
Capital Maintenance Fund	9345-01	291,819.95
Total Accounts Receivable		4,446,235.17
Other Current Assets		
Prepaid Expenditures	9330	66,073.79
Security Deposit (Rent)	9332	39,733.33
Total Other Current Assets		105,807.12
Total Current Assets		8,391,547.04
Fixed Assets		
Land-New Facilities (Bond-Penn)	9410-01	2,496,000.00
Land Improv (TCA Bear Valley)	9420	55,310.14
Land Improv (Bond-Penn)	9420-01	26,690.00
Land Improv (TCAMS 144-146 Woodward)	9420-02	7,900.00
Building (TCAMS 146 Woodward)	9430	474,171.50
Building Improv (TCAMS 144-146 Woodward)	9431	47,781.15
Building (TCAMS 144 Woodward)	9432	574,467.67
Bldg Improv (TCA Bear Valley)	9434	986,194.81
Leasehold Improv (TCAMS Washington)	9434-01	132,054.57
Accum Deprec Bldg (TCA & TCAMS)	9435	(296,991.19)
Bldg Improv (Vista)	9437	68,806.21
Books & Equipment (TCA & TCAMS)	9440	114,530.11
Furniture and Fixtures (TCA & TCAMS)	9441	38,788.01
Library Books (TCA & TCAMS)	9442	22,280.16
Textbooks (TCA & TCAMS)	9443	259,878.01
Accum Deprec Equip (TCA & TCAMS)	9445	(363,869.98)
Accum Deprec F&F (TCA & TCAMS)	9446	(37,666.00)
Accum Deprec Improv (TCA & TCAMS)	9447	(342,369.06)
Accum Deprec (Washington)	9447-01	(29,160.00)
Accum Deprec Improv (Vista)	9449	(34,571.00)
Building-New Facilities (Bond-Penn)	9451-01	18,321,728.85
Accum Deprec Improv (Bond-Penn)	9459	(6,153.00)
Accum Deprec New Facilities (Bond-Penn)	9460	(1,546,536.98)
Total Fixed Assets		20,969,263.98
Total ASSETS		29,360,811.02
LIABILITIES		
Current Liabilities		
Accounts Payable		
Accounts Payables	9500	162,555.36
Accounts Payables	9501	103,164.00
Accrued Payables	9502	337,587.50

The Classical Academy, Inc.
Balance Sheet
As of 6/30/2018

		Current Period
Accrued Vacation	9559	66,597.72
Total Accounts Payable		669,904.58
Other Current Liabilities		
Accrued Payroll	9561	427,173.69
Accrued STRS	9562	136,554.32
Accrued PERS	9563	33,634.20
Accrued P/R Fed State Taxes	9564	52,620.69
Accrued FICA/Medicare	9568	22,148.16
Accrued W/C	9570	7,932.08
Accrued-Medical	9580-01	36,982.98
Accrued-Dental/Vision Elite	9580-02	3,298.80
Accrued-Dental/Vision Saver	9580-03	1,875.60
Accrued-Chiro Insurance	9580-04	400.96
Accrued-Life Insurance	9580-05	2,912.92
Accrued-Aflac	9581-01	292.08
Accrued-Flex Amer Fidelity	9581-02	1,329.16
Accrued-Pre-Paid Legal	9581-04	80.70
Accrued-Unum Voluntary	9581-05	1,068.56
Accrued-SDCOE/FBC	9581-06	11,710.00
Accrued-Unum Supplemental	9581-09	1,996.00
Deferred Rent	9585	102,986.00
Accrued Sales/Use Tax	9599	4,492.18
Due To CAHS	9612	219,379.78
Security Deposits	9630	1,000.00
Total Other Current Liabilities		1,069,868.86
Total Current Liabilities		1,739,773.44
Long Term Liabilities		
Bond Payable 2017 A&B	9670-01	28,825,000.00
Bond Premium	9670-02	1,640,286.80
Bond Premium Amort	9670-03	(30,659.58)
Bond Cost of Insurance	9670-04	(6,314,433.62)
Bond COI Amort	9670-05	118,026.78
Bond Underwriters Discount	9670-06	(432,375.00)
Underwriters Discount Amortization	9670-07	8,081.76
Total Long Term Liabilities		23,813,927.14
Total LIABILITIES		25,553,700.58
EQUITY		
Beginning Net Assets		
Design, Economic Uncertainties	9770	352,421.00
CA Energy Reserves	9783	321,587.80
Facilities Reserves	9799	3,877,127.15
Total Beginning Net Assets		4,551,135.95
Net Income		
		(744,025.51)
Total Net Income		(744,025.51)
Total EQUITY		3,807,110.44
LIABILITIES & EQUITY		29,360,811.02

The Classical Academy, Inc.
Profit & Loss
From 7/1/2017 Through 6/30/2018

		<u>Current Period</u>	<u>Current YTD</u>
Revenue			
Prop EPA Income	8012	1,791,632.00	1,791,632.00
Prop 30 EPA P/Y	8013	9,186.00	9,186.00
Gen Purpose Ent State Aid	8015	5,201,806.00	5,201,806.00
Gen Purpose Ent State Aid P/Y	8016	(57,993.00)	(57,993.00)
In Lieu Property Tax Current	8096	3,283,271.10	3,283,271.10
SpEd IDEA	8181-00	166,474.00	166,474.00
Mandated Cost Reimbursement	8550	20,536.00	20,536.00
Mandated Grant/Common Core	8550-01	190,272.00	190,272.00
State Lottery Unrestricted Revenue	8560-03	207,748.13	207,748.13
State Lottery Restricted Revenue	8560-06	75,081.36	75,081.36
State Lottery P/Y Unrestricted Revenue	8561-03	2.92	2.92
State Lottery P/Y Restricted Revenue	8561-06	314.25	314.25
STAR Testing Reimbursement	8590-01	3,516.02	3,516.02
Prop 39 Energy Clean Act	8590-15	104,511.00	104,511.00
Special Ed	8590-90	686,128.00	686,128.00
SpEd MH II	8590-92	47,025.00	47,025.00
SpEd Low Incidence	8590-93	4,600.00	4,600.00
Leadership Income	8699-01	5,267.00	5,267.00
Yearbook Income	8699-04	10,771.00	10,771.00
Scrip Income	8699-05	9.00	9.00
Fundraising Events Income	8699-07	19,800.84	19,800.84
Fundraising Lunch Program	8699-08	5,433.08	5,433.08
Lost Book Recovery Income	8699-09	1,764.30	1,764.30
Donations Income-Labs	8699-11	2,385.00	2,385.00
Donation Income	8699-12	856.75	856.75
Rental Income	8699-13	1,350.00	1,350.00
Rebates	8699-18	1,351.53	1,351.53
Soccer/Baseball/Football	8699-19	234.82	234.82
Volunteer Hours	8699-20	1,682.50	1,682.50
8th Grade Promotion	8699-26	50.00	50.00
Shirt Sales	8699-30	6,826.99	6,826.99
Electives	8699-31	3,347.94	3,347.94
Robotics	8699-32	650.00	650.00
Facility Use	8699-34	4,732.50	4,732.50
Materials Supplies	8699-36	200.00	200.00
Electives	8699-37	1,906.00	1,906.00
Donation from NCEF	8699-45	89,092.00	89,092.00
Donations Playground	8699-46	30.00	30.00
Musical Theatre Income	8699-50	83,127.00	83,127.00
Choir Income	8699-51	2,149.00	2,149.00
Jr Musical Theatre Income	8699-52	15,439.58	15,439.58
General Music Income	8699-54	16,795.00	16,795.00
Class Trip Income 4th grade	8699-60	30.00	30.00
Class Trip Income 5th grade	8699-61	6,688.11	6,688.11
Class Trip Income 6th grade	8699-62	14,495.00	14,495.00
Class Trip Income 7th grade	8699-63	8,307.00	8,307.00
Field Trip Income Leadership	8699-65	1,529.00	1,529.00
Field Trip Income Biz Town	8699-67	3,360.00	3,360.00
Field Trip Income Legoland	8699-68	16,652.00	16,652.00
Field Trip Income General	8699-69	34,621.06	34,621.06
Conference Camp	8699-71	2,597.00	2,597.00

The Classical Academy, Inc.
Profit & Loss
From 7/1/2017 Through 6/30/2018

		Current Period	Current YTD
Staff Track	8699-72	2,750.00	2,750.00
Field Trip Income Wave	8699-73	4,170.00	4,170.00
Misc. Income	8699-99	8,441.10	8,441.10
Total Revenue		<u>12,113,002.88</u>	<u>12,113,002.88</u>
Expense			
Certificated Salaries 1000			
Teachers' Salaries	1100	3,165,902.51	3,165,902.51
Sub Teachers Salaries	1101	24,272.50	24,272.50
Pupil Services	1200	429,392.43	429,392.43
Certificated Administration	1300	500,651.31	500,651.31
Other Certificated Salaries	1900	205,502.72	205,502.72
Other Instr'l Supp C'lectives	1901	148,265.00	148,265.00
Total Certificated Salaries 1000		<u>4,473,986.47</u>	<u>4,473,986.47</u>
Classified Salaries 2000			
Instructional Aide	2100	513,741.00	513,741.00
Classified Support Salaries	2200	257,865.60	257,865.60
Classified Administration	2300	380,162.07	380,162.07
Clk, Tech, & Office Salaries	2400	592,531.56	592,531.56
Other Classified Salaries	2900	114,286.46	114,286.46
Total Classified Salaries 2000		<u>1,858,586.69</u>	<u>1,858,586.69</u>
Employee Benefits 3000			
STRS Certificated	3101	553,226.45	553,226.45
PERS Classified	3202	263,281.04	263,281.04
FICA/Medicare Certificated	3301	82,151.11	82,151.11
FICA/Medicare Classified	3302	134,654.84	134,654.84
H&W Benefits Certificated	3401	575,742.08	575,742.08
H&W Benefits Classified	3402	253,626.00	253,626.00
Unemployment Ins Certificated	3501	4,375.24	4,375.24
Workers Comp Certificated	3601	63,141.29	63,141.29
Workers Comp Classified	3602	25,351.69	25,351.69
Total Employee Benefits 3000		<u>1,955,549.74</u>	<u>1,955,549.74</u>
Books & Supplies 4000			
Approved Curricula Material Textbooks 4100			
Math-non-consumable	4100-30	12,679.51	12,679.51
Math-consumable	4100-31	20,187.43	20,187.43
Science-non-consumable	4100-32	1,961.18	1,961.18
Science-consumable	4100-33	972.11	972.11
Social Science-non-consumable	4100-34	8,907.82	8,907.82
Social Science-consumable	4100-35	3,412.81	3,412.81
English/LA-non-consumable	4100-36	49,762.56	49,762.56
English/LA-consumable	4100-37	135,200.81	135,200.81
Approved Other Core	4100-38	7,054.55	7,054.55
Total Approved Curricula Material Textbooks 4100		<u>240,138.78</u>	<u>240,138.78</u>
Non-Approved Curricula Material 4200			
Book Other Than Textbooks Other books C Track	4200-02	193.60	193.60
Math-non-consumable	4200-30	53,158.81	53,158.81
Math-consumable	4200-31	40,321.63	40,321.63
Science-non-consumable	4200-32	1,520.43	1,520.43
Science-consumable	4200-33	17,417.39	17,417.39
Social Science-non-consumable	4200-34	1,740.58	1,740.58
Social Science-consumable	4200-35	2,860.06	2,860.06
English/LA-non-consumable	4200-36	34,055.36	34,055.36

The Classical Academy, Inc.
Profit & Loss
From 7/1/2017 Through 6/30/2018

		Current Period	Current YTD
English/LA-consumable	4200-37	39,258.84	39,258.84
Non Approved Other Core	4200-38	8,236.87	8,236.87
Non Approved Electives	4200-39	1,320.60	1,320.60
Total Non-Approved Curricula Material	4200	200,084.17	200,084.17
Instr'l Material & Supplies	4300		
Instr'l Materials A/B Track	4300-01	166,762.65	166,762.65
Instr'l Materials C Track	4300-02	653.55	653.55
Instr'l Materials All	4300-03	58,072.92	58,072.92
Clectives supplies	4300-04	21,156.84	21,156.84
Art in Action supplies	4300-05	3,628.86	3,628.86
Lab Supplies	4300-06	7,121.80	7,121.80
Instr'l Mat. & Supp. Awrds/Rec	4300-07	2,217.66	2,217.66
Summer Fun Camp Supplies	4300-08	45.76	45.76
Fundraising Mat. & Supplies	4300-10	5,661.17	5,661.17
Lunch Program Supplies	4300-11	20.25	20.25
Staff Track Supplies	4300-12	97.36	97.36
Conference Camp Supplies	4300-13	1,201.76	1,201.76
Office Material & Supplies	4301	34,381.50	34,381.50
Janitorial/Maint Supplies	4302	45,245.27	45,245.27
Security Supplies	4302-02	5,470.52	5,470.52
Field Trip Mat. & Supplies	4303	10,537.50	10,537.50
Music Mat. & Supplies	4305	2,250.18	2,250.18
Musical Theatre Supplies	4305-01	46,136.06	46,136.06
Choir Supplies	4305-02	443.95	443.95
Jr. Musical Theatre Supplies	4305-03	22,487.68	22,487.68
Band Supplies	4305-07	108.14	108.14
Leadership Other Supplies	4306-02	2,225.75	2,225.75
Meals	4311	19,603.67	19,603.67
Parent Volunteer Supplies	4312	570.50	570.50
Robotics Supplies	4317	1,030.84	1,030.84
Supplies Fuel	4320	633.47	633.47
Building Improvement Supplies	4325	24,502.79	24,502.79
Total Instr'l Material & Supplies	4300	482,268.40	482,268.40
Total Books & Supplies	4000	922,491.35	922,491.35
NonCap F&E	4400		
Equipment Computers	4402	251,233.92	251,233.92
Equipment Other (IT)	4403	41,665.82	41,665.82
F&F Tables & Chairs	4404	349,966.92	349,966.92
F&F Other	4405	50,064.05	50,064.05
Total NonCap F&E	4400	692,930.71	692,930.71
Services & Other Operating Exp.	5000		
Dues & Subscriptions	5300	25,344.78	25,344.78
Insurance	5400	77,779.98	77,779.98
Total Services & Other Operating Exp.	5000	103,124.76	103,124.76
Travel Expenses	5200		
Travel & Conferences	5201	49,552.53	49,552.53
Auto Allowance	5203	23,989.25	23,989.25
Mileage	5210	2,543.37	2,543.37
Total Travel Expenses	5200	76,085.15	76,085.15
Operations & Housekeeping	5500		
Janitorial Services	5501	67,532.98	67,532.98
Trash Disposal	5502	12,803.61	12,803.61

The Classical Academy, Inc.
Profit & Loss
From 7/1/2017 Through 6/30/2018

		Current Period	Current YTD
Landscaping	5503	12,441.93	12,441.93
Utilities SDG&E	5504	59,491.52	59,491.52
Utilities Water	5505	39,974.07	39,974.07
Pest Control	5506	3,273.00	3,273.00
Facilities Maint. Painting	5507	53.15	53.15
Facilities Maint Carpet	5508	5,229.00	5,229.00
Facilities Maint Pool	5509	4,284.00	4,284.00
Other Maintenance Housekeeping	5510	22,003.37	22,003.37
Total Operations & Housekeeping 5500		227,086.63	227,086.63
Rental, Leases & Repair 5600			
Rental, Leases, & Repair	5600	50.00	50.00
Rentals	5601	45,946.57	45,946.57
Building Repairs & Maint Agrmnt	5603	14,209.57	14,209.57
Copier Usage	5605-01	27,683.57	27,683.57
Copier Lease	5605-02	29,736.21	29,736.21
Building Lease	5606	779,580.76	779,580.76
Building Lease-CAMS	5606-02	16,821.09	16,821.09
Building Improvements	5607	11,863.37	11,863.37
Other Equipment Repairs	5608	2,737.27	2,737.27
Site Improvement Non Cap	5609	19,025.57	19,025.57
Relocatable Leases	5610	8,994.17	8,994.17
Total Rental, Leases & Repair 5600		956,648.15	956,648.15
Consult, Serv & Operation Exp 5800			
Field Trip Expense 5808			
Class Trip 4th/Sacramento	5808-04	1,930.93	1,930.93
Class Trip 5th/Adventure Camp	5808-05	9,115.56	9,115.56
Class Trip 6th/Astro Camp	5808-06	2,400.00	2,400.00
Class Trip 7th/Catalina	5808-07	22,438.85	22,438.85
Class Trip 8th/DC-NY	5808-08	2,284.75	2,284.75
Field Trip Leadership	5808-09	6,241.00	6,241.00
Field Trip Biz Town	5808-67	3,519.58	3,519.58
Field Trip Legoland	5808-68	19,342.40	19,342.40
Field Trip Wave	5808-73	5,681.00	5,681.00
Field Trip Other	5808-99	13,299.88	13,299.88
Total Field Trip Expense 5808		86,253.95	86,253.95
Music Programs 5811			
Music Programs	5811	3,992.49	3,992.49
Musical Theatre	5811-01	35,822.13	35,822.13
Choir	5811-02	238.48	238.48
Jr Musical Theatre	5811-03	11,162.15	11,162.15
Total Music Programs 5811		51,215.25	51,215.25
Consult, Serv & Other Operation 5800			
Track C Electives	5801	30,590.81	30,590.81
8th Grade Promotion	5807	2,807.68	2,807.68
Fundraising Expense	5809	4,425.26	4,425.26
Awards & Recognition	5810	8,854.97	8,854.97
Robotics	5817	616.04	616.04
Accounting Services	5825	9,805.00	9,805.00
Advertising/Community Marketing	5826	12,095.11	12,095.11
Audit	5827	11,974.00	11,974.00
Bank Service Fees	5828	3,496.81	3,496.81
Loan Discount and Program Cost	5830	(3,022.00)	(3,022.00)

The Classical Academy, Inc.
Profit & Loss
From 7/1/2017 Through 6/30/2018

		Current Period	Current YTD
Board Allowance	5832	1,930.97	1,930.97
Consultants IT	5835	2,533.32	2,533.32
Consultants Other	5837	44,786.18	44,786.18
Consultants-Special Ed	5837-01	30,986.81	30,986.81
Staff Development	5842	23,208.66	23,208.66
Contracted Services Other	5849	23,841.21	23,841.21
Contracted Services-Maintenance	5849-02	71,665.00	71,665.00
District Oversight %	5850	103,164.00	103,164.00
Fingerprinting/FBI DOJ	5851	5,005.33	5,005.33
Late Fees & Finance Charges	5852	10.67	10.67
Legal Expense	5853	14,972.64	14,972.64
Payroll Services	5855	1,137.52	1,137.52
Printing & Reproduction	5856	10,372.04	10,372.04
Property Tax Assessment	5857	(83.89)	(83.89)
SDCOE Retirement Expense	5859	5,483.16	5,483.16
SDCOE SIS Expense	5860	8,335.72	8,335.72
Security System/Services	5862	24,003.20	24,003.20
Security Other Services	5862-01	4,819.02	4,819.02
Licensing & Permits - Other	5862-02	13.00	13.00
Computer Software	5863	10,700.27	10,700.27
NWEA testing & license	5864-01	10,890.00	10,890.00
Licensing & Permits Other	5864-02	8,942.45	8,942.45
Edgenuity License	5864-03	15,347.89	15,347.89
Brain Pop	5864-05	2,395.00	2,395.00
Discovery Ed	5864-06	9,925.20	9,925.20
Reading PLUS/Lexia	5864-08	9,787.25	9,787.25
Schoolology	5864-09	23,541.20	23,541.20
Turn It In/I-Paradigms	5864-11	2,365.00	2,365.00
Bottled Water	5865	1,457.49	1,457.49
DVD Production	5868	387.49	387.49
NP Abila Service	5873	8,650.83	8,650.83
Shred-It Services	5875	1,120.04	1,120.04
Bond Cost	5879	1,500.00	1,500.00
SpEd Assessments	5887	2,500.00	2,500.00
SpEd Admin Fee	5888	34,104.00	34,104.00
Facility Lease-LLC	5897	897,232.26	897,232.26
Miscellaneous Expenses	5899	458.84	458.84
Total Consult, Serv & Other Operation 5800		<u>1,499,133.45</u>	<u>1,499,133.45</u>
Total Consult, Serv & Operation Exp 5800		1,636,602.65	1,636,602.65
Communications 5900			
Postage & Delivery	5901	1,875.86	1,875.86
Telephone Expense	5902	30,795.76	30,795.76
Cell Phone Expense	5903	34,275.05	34,275.05
Internet Web Services	5904	40,880.68	40,880.68
Total Communications 5900		<u>107,827.35</u>	<u>107,827.35</u>
Capital Outlay 6000			
Depreciation Expense	6900	558,440.81	558,440.81
Amortization Expense	6910	712,184.96	712,184.96
Total Capital Outlay 6000		<u>1,270,625.77</u>	<u>1,270,625.77</u>
Other Outgo 7400			
Suspense	7999	12.80	12.80
Total Other Outgo 7400		<u>12.80</u>	<u>12.80</u>

The Classical Academy, Inc.
Profit & Loss
From 7/1/2017 Through 6/30/2018

		<u>Current Period</u>	<u>Current YTD</u>
Total Expense		<u>14,281,558.22</u>	<u>14,281,558.22</u>
Other Local Revenue 8600			
Interest Income	8660	<u>38,307.64</u>	<u>38,307.64</u>
Total Other Local Revenue 8600		<u>38,307.64</u>	<u>38,307.64</u>
Net Ordinary Income		<u>(2,130,247.70)</u>	<u>(2,130,247.70)</u>
Other Financing Uses 7600			
Bond Interest Expense	7699-01	454,946.51	454,946.51
LLC Interest Expense	7699-04	685,919.58	685,919.58
LLC Accounting Services	7699-05	2,035.00	2,035.00
LLC Taxes and Fees	7699-07	(25,843.34)	(25,843.34)
LLC Misc Expenses	7699-10	<u>1.82</u>	<u>1.82</u>
Total Other Financing Uses 7600		<u>1,117,059.57</u>	<u>1,117,059.57</u>
Other Financing Sources 8900			
LLC Interest Income	8979-01	19,151.40	19,151.40
LLC Rental Income from TCA	8979-02	1,345,848.41	1,345,848.41
LLC Rental Income CAHS	8979-03	1,138,281.95	1,138,281.95
Contributions-Unrestricted Revenues	8980	(416,583.66)	(416,583.66)
Contributions-Restricted Revenues	8990	<u>416,583.66</u>	<u>416,583.66</u>
Total Other Financing Sources 8900		<u>2,503,281.76</u>	<u>2,503,281.76</u>
Net Income (Loss)		<u>(744,025.51)</u>	<u>(744,025.51)</u>

Financial Statements

Classical Academy High School

June 30, 2018

Classical Academy High School, Inc.
Balance Sheet
As of 6/30/2018

		<u>Current Period</u>
ASSETS		
Current Assets		
Checking/Savings		
Cash in County Treasury	9110	1,194,672.08
Cash CAHS-PWB-Pacific Western Bank	9121	702,971.85
Petty Cash	9131	<u>1,200.00</u>
Total Checking/Savings		1,898,843.93
Accounts Receivable		
Accrued Receivables	9202	<u>444,109.05</u>
Total Accounts Receivable		444,109.05
Other Current Assets		
Prepaid Expenditures	9330	10,897.46
Security Deposit (Rent)	9332	<u>46,387.10</u>
Total Other Current Assets		<u>57,284.56</u>
Total Current Assets		2,400,237.54
Fixed Assets		
Building Improvements-CAHS Only	9434	321,254.55
Leashold Improvement-Other Sites	9436	176,237.94
Accum Depreciation - LH	9437	(54,716.50)
Equipment	9440	563,413.88
Furniture and Fixtures	9441	6,612.99
Textbooks	9443	5,387.23
Vehicle	9444	54,375.73
Accum Depreciation - Equip	9445	(500,949.98)
Accum Depreciation - F&F	9446	<u>(6,612.99)</u>
Total Fixed Assets		565,002.85
Other Assets		
Due From TCA	9312	<u>219,379.78</u>
Total Other Assets		<u>219,379.78</u>
Total ASSETS		<u>3,184,620.17</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		
Accounts Payables	9500	180,320.22
Accrued Payables	9502	89,752.43
Accrued Vacation	9559	48,394.66
Accrued STRS	9562	98,137.34
Accrued PERS	9563	29,930.67
Deferred Rent	9585	159,284.00
Sales Use/Tax	9599	<u>4,053.35</u>
Total Accounts Payable		609,872.67
Due to Accounts		
Due To Coastal	9611	200.50
Due To TCA	9612	872,875.22
Due to ASB	9614	5.00
Security Deposits	9630	<u>1,000.00</u>
Total Due to Accounts		<u>874,080.72</u>
Total Current Liabilities		<u>1,483,953.39</u>
Total LIABILITIES		<u>1,483,953.39</u>

Classical Academy High School, Inc.
 Balance Sheet
 As of 6/30/2018

		<u>Current Period</u>
EQUITY		
Beginning Net Assets		
Desig. Economic Uncertainties	9770	388,913.00
CA Energy Reserves	9783	43,011.71
College Readiness	9787	44,613.42
Facilities Reserves	9799	<u>1,193,674.74</u>
Total Beginning Net Assets		1,670,212.87
Net Income		
		<u>30,453.91</u>
Total Net Income		<u>30,453.91</u>
Total EQUITY		<u>1,700,666.78</u>
LIABILITIES & EQUITY		<u><u>3,184,620.17</u></u>

Classical Academy High School, Inc.
Profit & Loss
From 6/1/2018 Through 6/30/2018

		<u>Current Period</u>	<u>Current YTD</u>
Revenue			
Prop 30 EPA	8012	564,516.00	1,892,258.00
Prop 30 EPA P/Y	8013	0.00	10,468.00
Gen Purpose Ent - State Aid	8015	67,882.00	4,127,367.00
Gen Purpose Ent-State Aid P/Y	8016	(17,802.00)	(89,014.00)
In-Lieu Property Tax	8096	192,668.12	4,582,118.00
SpEd IDEA	8181-00	161,175.00	161,175.00
Advanced Placement Test Fee	8290-03	0.00	145.20
SpEd-Transitional Partnership	8290-20	57,289.71	57,289.71
Mandated Cost Reimbursement	8550	0.00	54,330.00
Mandated Grant/Common Core	8550-01	0.00	181,742.00
State Lottery Unrestricted Revenue	8560-03	64,779.59	221,854.04
State Lottery Restricted Revenue	8560-06	68,111.93	79,577.08
State Lottery P/Y Restricted Revenue	8561-06	0.00	455.06
STAR Testing Reimbursement	8590-01	0.00	1,738.04
Prop 39 Energy Clean Act	8590-15	0.00	103,071.00
Special Ed	8590-90	78,330.00	607,383.00
SpEd MH II	8590-92	54,450.00	94,050.00
SpEd Low Incidence	8590-93	2,300.00	2,300.00
P/Y SpEd Low Incidence	8591-93	72.00	0.00
Leadership Income	8699-01	0.00	322.00
Leadership - Student Store	8699-02	55.00	1,820.00
Yearbook Income	8699-04	0.00	70.00
Fundraising Events Income	8699-07	0.00	1,941.00
Lost Book Recovery Income	8699-09	275.59	655.16
NSF Income	8699-10	0.00	25.00
Donation Income	8699-12	250.00	1,807.73
Rental Income	8699-13	7,550.00	29,600.00
Volunteer Hours	8699-20	495.00	2,745.00
Rebates	8699-22	0.00	0.30
CAHS-Shirts	8699-30	0.00	5,170.00
Facility Use	8699-34	0.00	62,010.00
Donation from NCEF	8699-45	109,845.00	109,920.00
Academic League	8699-46	0.00	1,638.40
Music-General	8699-49	0.00	943.50
Music/Drama Income	8699-50	0.00	28,734.30
Choir Income	8699-51	10.00	14,364.95
Talent Show Income	8699-52	0.00	2,193.25
Athletics- Dance Team	8699-53	2,918.00	3,248.00
Athletics- Football	8699-54	0.00	34,235.71
Athletics- Volleyball-Boys	8699-55	0.00	893.00
Athletics- Track & Field	8699-56	0.00	150.00
Athletics- Soccer-Boys	8699-58	0.00	2,250.40
Athletics- Cheer	8699-59	5,825.00	9,637.00
Athletics- Swim	8699-61	0.00	125.00
Athletics- Tennis	8699-62	0.00	587.00
Media Income	8699-64	0.00	850.00
Art Income	8699-65	0.00	2,755.96
Athletics- Dance Troupe	8699-67	3,664.50	60,348.82
Athletics- Surf	8699-68	0.00	150.00
Athletics- Baseball	8699-71	0.00	225.00
Athletics- Waterpolo-Boys	8699-72	0.00	1,536.82

Classical Academy High School, Inc.
Profit & Loss
From 6/1/2018 Through 6/30/2018

		Current Period	Current YTD
Athletics-Store	8699-77	0.00	13,207.94
Athletics-Waterpolo-Girls	8699-79	0.00	1,600.00
Athletics-Volleyball-Girls	8699-80	0.00	6,523.95
Athletics-Basketball-Girls	8699-81	0.00	50.00
Athletics-Soccer-Girls	8699-82	0.00	598.05
Band Income	8699-88	0.00	905.38
Woodshop Income	8699-89	0.00	325.00
FCA Fellowship of Christian Athletics	8699-90	0.00	273.89
Link Crew	8699-91	0.00	740.00
A/P Exams	8699-92	0.00	35,399.00
Transcripts-Docufide	8699-94	5.00	5.00
Testing Fees	8699-96	0.00	4,280.00
Donations-Contributions	8699-98	100.00	100.00
Misc. Income	8699-99	0.00	10,589.00
Total Revenue		1,424,765.44	12,543,857.64
Expense			
Certificated Salaries 1000			
Teachers' Salaries	1100	667,582.77	3,604,423.08
Sub-Teachers Salaries	1101	2,544.00	33,141.00
Pupil Services	1200	38,746.64	231,830.67
Certificated Administration	1300	677.08	302,518.82
Other Certificated Salaries	1900	37,672.33	125,826.84
Total Certificated Salaries 1000		747,222.82	4,297,740.41
Classified Salaries 2000			
Instructional Aide	2100	98,348.99	547,480.55
Classified Support Salaries	2200	26,037.88	319,857.95
Classified Administration	2300	5,671.08	56,921.08
Clk, Tech, & Office Salaries	2400	53,662.02	457,347.57
Total Classified Salaries 2000		183,719.97	1,381,607.15
Employee Benefits 3000			
STRS - Certificated	3101	9,970.37	465,273.97
PERS - Classified	3202	17,151.26	220,142.66
FICA/Medicare - Certificated	3301	9,771.20	83,984.05
FICA/Medicare - Classified	3302	13,973.79	100,644.24
H&W Benefits-Certificated	3401	31,004.67	521,001.16
H&W Benefits - Classified	3402	23,491.06	217,344.12
Unemployment Ins-Certificated	3501	1,144.34	3,313.96
Workers Comp - Certificated	3601	9,115.24	58,514.17
Workers Comp - Classified	3602	2,387.04	17,687.92
Total Employee Benefits 3000		118,008.97	1,687,906.25
Books & Supplies 4000			
Approved Curricula Material Textbooks 4100			
Math-non-consumable	4100-30	0.00	8,562.03
Science-non-consumable	4100-32	0.00	1,897.00
Sci consumable	4100-33	0.00	1,691.45
Social Science non-consumable	4100-34	0.00	5,244.92
Social Science consumable	4100-35	0.00	380.52
English/LA non-consumable	4100-36	0.00	1,310.62
English/LA consumable	4100-37	0.00	1,045.18
Approved Other Core	4100-38	0.00	2,663.29
Approved Electives	4100-39	0.00	7,764.69
Total Approved Curricula Material Textbooks 4100		0.00	30,559.70

Classical Academy High School, Inc.
Profit & Loss
From 6/1/2018 Through 6/30/2018

		<u>Current Period</u>	<u>Current YTD</u>
Non-Approved Curricula Material 4200			
Math-non-consumable	4200-30	10,628.31	27,105.89
Math-consumable	4200-31	0.00	14,166.07
Science-non-consumable	4200-32	649.21	75,951.13
Science-consumable	4200-33	0.00	1,770.53
Social Science-non-consumable	4200-34	11,034.29	46,653.34
Social Studies-consumable	4200-35	0.00	2,248.81
English/LA non-consumable	4200-36	0.00	5,575.20
English/LA consumable	4200-37	0.00	2,071.98
Non Approved Other Core	4200-38	5,919.78	29,122.77
Non Approved Electives	4200-39	2,777.67	14,736.02
Total Non-Approved Curricula Material 4200		31,009.26	219,401.74
Inst'l Material & Supplies 4300			
Instr'l Mat & Sup- General	4300-01	7,747.65	94,483.89
Electives	4300-04	0.00	1,160.05
Global Art Supplies	4300-05	1,179.56	20,193.89
Instr'l Mat. & Supplies - Labs	4300-06	0.00	21,607.14
Instr'l Mat. & Supp.- Awards/Rec	4300-07	0.00	41.96
Academic League Supplies	4300-20	119.00	181.60
Office Material & Supplies	4301	1,619.95	56,951.21
Janitorial & Maint Supplies	4302	5,170.38	35,489.13
Security Supplies	4302-02	212.51	7,358.57
Fundraising Mat. & Supplies	4304	0.00	(190.12)
Music Mat. & Supplies	4305	0.00	11,602.31
Music Mat. & Supplies - Music/Drama Supplies	4305-01	491.03	45,476.98
Music Mat. & Supplies - Choir Supplies	4305-02	1,274.38	6,049.40
Leadership- Student Store	4306-01	(171.32)	24,255.06
Books & Supplies	4307	0.00	(305.00)
Football	4307-01	(304.73)	46,146.48
Volleyball	4307-02	1,388.36	11,293.86
Track & Field	4307-03	0.00	9,513.10
Cross Country	4307-04	0.00	4,039.66
Soccer	4307-05	0.00	6,044.89
Cheer	4307-06	999.79	16,691.99
General Athletics	4307-07	3,468.40	10,089.93
Dance Team	4307-08	809.80	12,570.48
Golf	4307-09	89.69	1,181.10
Swim	4307-11	10,928.24	12,019.12
Tennis	4307-12	0.00	5,405.47
Basketball	4307-13	0.00	2,117.64
Baseball	4307-15	161.63	7,934.26
Softball	4307-17	142.00	3,807.39
Water Polo	4307-18	129.30	7,353.17
Weight Room Supplies	4307-19	708.56	7,554.85
Lacrosse	4307-20	0.00	2,811.38
Flag Team	4307-22	0.00	1,040.91
Meals	4311	1,546.00	22,760.05
Robotics	4317	2,830.29	12,389.60
Fuel	4320	627.57	5,043.28
Building Improvement Supplies	4325	2,042.01	9,377.97
Jumpstart Supplies	4360	0.00	46.09
Total Inst'l Material & Supplies 4300		43,210.05	541,588.74

Classical Academy High School, Inc.
Profit & Loss
From 6/1/2018 Through 6/30/2018

		Current Period	Current YTD
Total Books & Supplies 4000		74,219.31	791,550.18
NonCap F&E 4400			
NonCap F&E - Equipment - Computers	4402	35,745.27	381,901.36
NonCap F&E - Equipment - Other (IT)	4403	43.05	40,059.80
NonCap F&E - F&E Tables & Chairs	4404	3,481.91	53,470.71
NonCap F&E - Other	4405	13,839.68	70,739.46
Total NonCap F&E 4400		53,109.91	546,171.33
Services & Other Operating Exp 5000			
Dues & Subscriptions	5300	915.00	30,814.91
Insurance	5400	0.00	43,087.00
Total Services & Other Operating Exp 5000		915.00	73,901.91
Travel Expenses 5200			
Sp Ed NPS/A Therapy Services	5100-04	43,072.00	102,208.00
Travel & Conferences	5201	9,081.14	42,812.29
Auto Allowance	5203	575.75	10,140.75
Mileage	5210	694.47	1,274.94
Total Travel Expenses 5200		53,423.36	156,435.98
Operations & Housekeeping 5500			
Janitorial Services	5501	6,341.00	88,236.15
Trash Disposal	5502	1,142.34	12,896.45
Landscaping	5503	2,480.30	25,118.92
Utilities - SDG&E	5504	11,055.91	139,858.44
Utilities - Water	5505	27,951.68	41,511.60
Pest Control	5506	135.00	1,620.00
Facilities Maint-Painting	5507	0.00	28.79
Other Maintenance Housekeeping	5510	(64.84)	(592.17)
Total Operations & Housekeeping 5500		49,041.39	308,678.18
Rental, Leases & Housekeeping 5600			
Rentals	5601	2,096.11	23,617.94
Building Repairs & Maint Agrmnt	5603	0.00	12,932.69
Computer Repairs	5604	0.00	343.06
Copier-Usage	5605-01	4,878.02	33,960.34
Copier Lease	5605-02	317.86	27,464.72
Elevator Repairs	5605-03	0.00	5,090.72
Elevator Maintenance Agreement	5605-04	0.00	2,180.00
Building Lease	5606	(11,147.40)	216,885.18
Building Improvement	5607	50.00	158,352.38
Other Equipment Repairs	5608	0.00	2,435.63
Other Maint Repairs	5609	1,313.17	22,147.41
Total Rental, Leases & Housekeeping 5600		(2,492.24)	505,410.07
Consult. Serv. & Operation Exp 5800			
Field Trip Expense 5808			
Field Trip Expense-Other	5808-99	3,084.00	7,496.00
Total Field Trip Expense 5808		3,084.00	7,496.00
Music Programs 5811			
Music/Drama	5811-01	630.78	20,773.94
Choir	5811-02	0.00	11,763.48
Total Music Programs 5811		630.78	32,537.42
Consult. Serv. & Operation 5800			
Track C Electives	5801	622.03	2,067.03
Graduation Expenses	5807	2,763.46	12,751.47
Fundraising Expense	5809	0.00	864.07

Classical Academy High School, Inc.
Profit & Loss
From 6/1/2018 Through 6/30/2018

		Current Period	Current YTD
Awards & Recognition	5810	1,806.98	6,302.30
Robotics	5817	(206.51)	13,521.75
Yearbook	5819	1,447.08	25,620.45
Academic League Services	5820	0.00	2,075.01
Accounting Services	5825	630.00	6,600.00
Advertising/Community Marketing	5826	0.00	12,083.04
Audit	5827	0.00	12,329.00
Bank Service Fees	5828	455.12	2,694.19
Consultants - IT	5835	0.00	2,533.34
Consultants - Other	5837	0.00	14,247.30
Consultants-Special Education	5837-01	2,557.07	67,220.55
Staff Development	5842	150.00	22,173.02
Contracted Services - Other	5849	856.48	51,635.75
Contracted Services-Maintenance	5849-02	6,360.00	62,520.00
Fingerprinting/FBI-DOJ	5851	553.00	3,005.34
Late Fees & Finance Charges	5852	0.00	15.27
Legal Expense	5853	(24,718.00)	5,897.22
Payroll/Benefits Services	5855	0.00	1,138.39
Printing & Reproduction	5856	444.03	7,006.06
Property Tax Assessment	5857	(25,669.77)	16,011.31
SARC - Report	5858	0.00	104.00
SDCOE - Retirement Expense	5859	1,827.72	5,483.16
SDCOE - SIS Expense	5860	283.75	10,499.69
Security Systems/Services	5862	870.43	12,445.80
Security Other Services	5862-01	747.76	4,612.30
Computer Software	5863	0.00	13,632.53
Licensing & Permits - Other	5864-02	22,659.67	66,529.82
Edgenuity License	5864-03	0.00	90,000.00
Discovery Ed	5864-06	0.00	3,150.00
Schoolology	5864-09	0.00	8,756.10
Turn it In/i-Paradigms	5864-11	0.00	4,202.00
Bottled Water	5865	(191.80)	1,150.80
Athletics	5870	0.00	1,813.44
Football	5870-01	0.00	36,856.70
Volleyball	5870-02	9,391.17	40,618.81
Track & Field	5870-03	762.87	1,960.37
Cross Country	5870-04	0.00	1,210.16
Soccer	5870-05	0.00	11,201.65
Cheer	5870-06	0.00	13,587.36
General Athletics	5870-07	1,745.96	24,704.34
Dance Team	5870-08	24,767.00	93,512.03
Golf	5870-09	0.00	721.00
Swim	5870-11	0.00	16,038.00
Tennis	5870-12	1,795.00	4,113.27
Basketball	5870-13	0.00	21,253.00
Surf	5870-14	350.00	2,630.00
Baseball	5870-15	0.00	8,572.18
Softball	5870-17	0.00	7,032.00
Water Polo	5870-18	800.00	32,218.87
Athletics-Lacrosse	5870-20	0.00	1,965.73
Athletics- Flag Team	5870-22	0.00	3,117.00
PSAT/NMSQT Testing	5872	0.00	8,156.00

Classical Academy High School, Inc.
Profit & Loss
From 6/1/2018 Through 6/30/2018

		Current Period	Current YTD
NP Abila Service	5873	1,250.00	9,901.33
Shred-It Services	5875	204.87	1,360.09
Bond Cost	5879	9,321.00	17,112.08
SpEd Admin Fee	5888	30,742.00	30,742.00
Facility Lease LLC	5897	527,871.63	1,586,898.10
Miscellaneous Expenses	5899	72.00	92.00
Total Consult. Serv. & Operation 5800		<u>603,322.00</u>	<u>2,548,265.57</u>
Total Consult. Serv. & Operation Exp 5800		607,036.78	2,588,298.99
Communications 5900			
Postage & Delivery	5901	4,211.28	6,325.33
Telephone Expense	5902	3,813.56	34,242.36
Cell Phone Expense	5903	2,349.00	21,096.82
Internet - Web Services	5904	(1,359.84)	41,749.88
Total Communications 5900		9,014.00	103,414.39
Capital Outlay 6000			
Depreciation Expense	6900	(15,268.28)	84,935.10
Total Capital Outlay 6000		(15,268.28)	84,935.10
Total Expense		<u>1,877,950.99</u>	<u>12,526,049.94</u>
Other Local Revenue 8600			
Interest Income	8660	3,392.19	12,646.21
Total Other Local Revenue 8600		3,392.19	12,646.21
Net Ordinary Income		(449,793.36)	30,453.91
Other Financing Source 8900			
Contributions-Unrestricted Revenue	8980	(115,248.02)	(115,248.02)
Contributions-Restricted Revenues	8990	115,248.02	115,248.02
Total Other Financing Source 8900		0.00	0.00
Net Income(Loss)		<u>(449,793.36)</u>	<u>30,453.91</u>

September 7, 2018

Governing Board
The Classical Academy, Inc.
207 E. Pennsylvania Avenue
Escondido, California 92025

Dear Governing Board Members:

I have been incredibly blessed by this charter school journey and on May 25, 1999 I was elected to serve as the first Board President for The Classical Academy. That vote, and subsequent appointment, set into motion a much greater plan for almost the next two decades for my family and career. Looking back, had someone told me that price that would have to be paid to be where I am today, I am not sure that I would have taken this road with great enthusiasm. Be that as it may, I have enjoyed the personal growth, challenges, and opportunities that came as a result.

This Board work has been a richly rewarding experience. The alignment, passion, and dedication of the few men and women who have been in these Board positions have shared the same commitment to our mission, vision, and values of the organization. The conversations and decisions made by this group since 1999 have paved the way of support for students and encouragement for leaders and employees to always do what is best for all in their care. This Board has always supported taking care of students first and whenever possible, reward the team doing what is best for students.

As I resign my position from this Board after almost 20 years, I leave knowing that the work accomplished was worth it all, my time was never wasted, and my best was left on the mantel of making great things happen for other people. I will maintain my level of trust, support, and encouragement for the Board and its members. I count it all joy that I leave with a record of service to this body as the longest serving and the first Board president for The Classical Academy, Inc.

Committed to the service and love of our great community.



Cameron Curry
Executive Director



CLASSICAL ACADEMY

ESCONDIDO

BYLAWS OF THE CLASSICAL ACADEMY, INCORPORATED

A California Nonprofit Public Benefit Corporation

Adopted February 9, 1999

Amended September 30, 2003, December 8, 2004, January 25, 2011,
~~and June 4, 2013,~~ and September 11, 2018

ARTICLE 1

OFFICES

The corporation's principal office shall be fixed and located at such place within the attendance boundaries of the ESCONDIDO Union School District, a public school district defined under Education Code §81 and established pursuant to Article IX, §6 of the California Constitution, in the County of San Diego, California as the Board of Directors ("Board") shall determine. The Board is granted full power and authority to change the principal office from one location to another within California.

ARTICLE 2

PURPOSE

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law (California Corporations Code § 5110, et seq.) for charitable purposes. The specific purpose of the corporation as set forth in its Articles of Incorporation is to manage, operate, guide, direct, promote, support and hold charters or contracts for one or more public charter schools.

ARTICLE 3

NO MEMBERS

SECTION 3.1 NO MEMBERS

The corporation shall have no members. Except as otherwise provided herein, any action, which would otherwise by law require approval by a majority of all members or approval by the members, shall require only approval of the Board, and all which would otherwise by law vest in the members, shall vest in the Board.

SECTION 3.2 ASSOCIATES

Nothing in Article 3 shall be construed to limit the corporation's right to refer to persons associated with it as "members" even though such persons are not members, and no such reference by the corporation shall render anyone a member within the meaning of Section 5056 of the California Nonprofit Corporation Law (California Corporations Code § 5000, et seq.). Such individuals may originate and take part in the discussion on any subject that may properly come before any meeting of the Board, but may not vote. The corporation may confer, by amendment of its Articles of Incorporation or of these Bylaws, some or all of a member's rights, set forth in the California Nonprofit Corporation Law, upon any person who does not have the right to vote for the election of Directors, on a disposition of substantially all of the assets of the corporation, on a merger, on a dissolution, or on changes to the corporation's Articles of Incorporation or Bylaws, but no such person shall be a member within the meaning of said Section 5056. The Board may also, but without establishing memberships, create an advisory council or honorary board or such other auxiliary groups, as it deems appropriate to advise and support the corporation.

ARTICLE 4

DIRECTORS

SECTION 4.1 GENERAL POWERS

Subject to the limitations of the California Nonprofit Public Benefit Corporation Law, the corporation's Articles of Incorporation and these Bylaws, the activities and affairs of the corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the corporation's activities to any person(s), Management Company or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. No assignment, referral or delegation of authority by the Board or anyone acting under such delegation shall preclude the Board from exercising full authority over the conduct of the corporation's activities, and the Board may rescind any such assignment, referral or delegation at any time.

SECTION 4.2 SPECIFIC POWERS

Without prejudice to its general powers, but subject to the same limitations set forth herein, the Board shall have the following powers in addition to any other powers enumerated in these Bylaws and permitted by law:

- a. To select and remove all of the officers, agents and employees of the corporation; to prescribe powers and duties for them which are not inconsistent with law, the corporation's Articles of Incorporation or these Bylaws; and to fix their compensation;
- b. To conduct, manage and control the affairs and activities of the corporation and to make such rules and regulations thereof which are not inconsistent with the law, the corporation's Articles of Incorporation or these Bylaws, as deemed suitable;
- c. To adopt, make and use a corporate seal and to alter the form of the seal from time to time, as deemed appropriate;
- d. To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therein, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities therein;
- e. To carry on a business at a profit and apply any profit that results from the business activity to any activity in which it may lawfully engage;
- f. To act as trustee under any trust incidental to the principal object of the corporation, and receive, hold, administer, exchange, and expend funds and property subject to such trust;
- g. To acquire by purchase, exchange, lease, gift, devise, bequest, or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, convey or otherwise dispose of real and personal property;
- h. To assume any obligations, enter into any contracts or other instruments, and do any and all other things incidental or expedient to the attainment of any corporate purpose;

- i. To conduct an annual meeting of the Stakeholders of The Classical Academy charter school, as described in the Charter dated April 8, 1999 and most recently renewed in 2009, granted by the Escondido School District (the "Charter"); as used herein, "Stakeholders" means all pupils then attending The Classical Academy, the parents and guardians of such pupils, all employees of The Classical Academy, and such other persons and entities as the Board determines to be Stakeholders of The Classical Academy; and
- j. To carry out such other duties as are described in the ~~C~~harter documents for The Classical Academy, Inc.-operated charter schools ("Classical Academies").

SECTION 4.3 NUMBER, ELECTION AND TERM OF DIRECTORS

The authorized number of Directors shall be a minimum of ~~F~~ive (5) until changed by amendment of these Bylaws.

~~Each of the following persons shall occupy a position with the Board of Directors of the corporation:~~

- (1) ~~The Executive Director, a voting member; and~~
- (1) ~~At least four (4)~~The Directors shall be from the community at large, which may include but ~~are is~~ not limited to: parents of students currently attending any of the Classical Academies schools ~~that have all Board members in common with the Classical Academy Board~~; community members; and local business owners.

The Superintendent or his/her designee from the Escondido Union School District shall have the unqualified right to attend any Board meeting to represent the interests of the District, consistent with the advisory role described in Section 3.2, but shall not be a Board Member.

The Directors are to be ~~elected~~ designated by the Board of Directors and may be ~~elected~~ designated for up to three (3) four (4)-year terms.

SECTION 4.4 RESIGNATION AND REMOVAL

Subject to the provisions of Section 5226 of the California Nonprofit Public Benefit Corporation Law, any Director may resign effective upon giving written notice to the Executive Director, the Secretary or the Board. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective. A Director may be removed without cause by a majority of the Directors then in office.

SECTION 4.5 VACANCIES

- a. A Board vacancy or vacancies shall be deemed to exist if any Director dies, resigns, or is removed, or if the authorized number of Directors is increased.
- b. The Board may declare vacant the office of any Director who, during the term of appointment, is convicted of any felony, or has been found to have breached any duty arising under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law or to be of unsound mind, by any court of competent jurisdiction, or has failed to attend two (2) or more meetings of the Board of Directors in any calendar year.

- c. A vacancy on the Board shall be filled in the same manner of selection used to select the Director whose office is vacant, provided that vacancies to be filled by election by Directors may be filled by a majority of the remaining Directors, although less than a quorum. Each Director so elected shall hold office until a successor has been appointed and qualified.
- d. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of the Director's term of office.

SECTION 4.6 PLACE OF MEETINGS

Meetings of the Board may be held at the principal office of the corporation or at any other place that has been designated in the notice of the meeting or, if there is no notice, by resolution of the Board.

SECTION 4.7 ANNUAL MEETINGS

The Board shall hold an annual meeting for the purposes of organization, selection of Directors and officers, and the transaction of other business. The annual meeting of the Board shall be held in May. The May meeting shall also include the adoption of the annual budget for the charter schools.

SECTION 4.8 REGULAR MEETINGS

Regular meetings of the Board, including the annual meeting, shall be held without call or notice on such dates and at such times and places as the Board may fix. At the annual meeting in May, a Board meeting calendar will be reviewed and adopted by the Board.

SECTION 4.9 SPECIAL MEETINGS

The Chairman of the Board may call special meetings of the Board for any purpose(s) at any time. In the absence of a Board Chair, the Secretary may call such meetings.

- a. Special meetings of the Board may be held only after each Director has received four (4) days' notice by first class mail or forty-eight (48) hours' notice given personally or by email, telephone, telegraph, telex or other similar means of communication, except in the event of emergency.
- b. Any such notice shall be addressed or delivered to each Director at the Director's address as it is shown on the records of the corporation or as may have been given to the corporation by the Director for purposes of notice or, if an address is not shown on the corporation's records or is not readily ascertainable, at the place at which the meetings of the Directors are regularly held.
- c. Notice by mail shall be deemed received at the time a properly addressed written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.

SECTION 4.10 REQUIREMENTS APPLICABLE TO MEETINGS

Notwithstanding any other requirements contained in these Bylaws, all meetings of the corporation's Board of Directors shall be held in compliance with all applicable requirements of the California Ralph M. Brown Act. Notwithstanding any other requirements contained in these bylaws, all meetings of the corporation's Board of Directors shall be held in compliance with all applicable laws that govern public charter schools.

SECTION 4.11 QUORUM AND VOTING

Three (3) of the authorized Directors then in office shall constitute a quorum. The Board shall attempt to reach a general consensus on all resolutions passed by the Board; provided, however, that every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present and is an act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the quorum required for such meeting. Directors may not vote by proxy.

SECTION 4.12 WAIVER OF NOTICE

Notice of a meeting need not be given to any Director who signs a waiver of notice, a written consent to the holding of the meeting, an approval of the minutes of the meeting, whether before or after the meeting, or who attends the meeting without protesting the lack of notice prior thereto or at its commencement. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

SECTION 4.13 ADJOURNMENT

A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to another time and place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place shall be given, prior to the time scheduled for the continuation of the meeting, to the Directors who were not present at the time of the adjournment.

SECTION 4.14 RIGHTS OF INSPECTION

Every Director has the absolute right to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation provided such inspection is conducted at a reasonable time after reasonable notice, and provided that such right of inspection and copying is subject to the corporation's obligations to maintain the confidentiality of certain books, records and documents under any applicable federal, state or local law. Directors wishing to exercise their rights of inspection will contact the Executive Director to schedule an appropriate time for this inspection to take place.

SECTION 4.15 FEES AND COMPENSATION

Directors shall not receive any compensation for their services; however, the Board may approve the reimbursement of a Director's actual and necessary expenses incurred in the conduct of the corporation's business. The corporation shall carry liability insurance covering the Directors and officers of the corporation as described in the Charter in the conduct of the corporation's business.

SECTION 4.16 RESTRICTION OF INTERESTED DIRECTORS

~~Not more than forty-nine percent (49%) of the~~ persons serving on the Board ~~at any time~~ may be interested persons. An interested person is (a) any person compensated by the corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor or otherwise excluding any reasonable compensation paid to a Director as a Director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person. ~~However, any violation of the provisions of this Section shall not affect the validity or enforceability of any transaction entered into by the corporation.~~ The Board may adopt other policies circumscribing potential conflicts of interest.

SECTION 4.17 STANDARD OF CARE

- a. A Director shall perform all duties of a Director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the corporation and with such care, including the duty to make reasonable inquiries, as a prudent person would in similar circumstances.
- b. In performing the duties of a Director, a Director may rely on information, opinions, reports or statements, including financial statements, and other financial data, in each case prepared or presented by:
 - (1) One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented;
 - (2) Legal counsel, independent accountants or other persons as to matters that the Director believes to be within such person's professional or expert competence; or
 - (3) A committee of the Board upon which the Director does not serve as to matters within its designated authority, provided the Director believes that the committee merits confidence and the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.
- c. Except with respect to assets that are directly related to the corporation's charitable programs, the Board shall avoid speculation in investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing the corporation's investments. Instead, the Board is to consider the permanent disposition of the funds, the probable income, and the probable safety of the corporation's capital, and is to comply with the express terms of the instrument or agreement, if any, pursuant to which the assets were contributed to the corporation.
- d. The Board will work as a group to ensure that the corporation is managed appropriately by appointing a qualified Executive Director to administer the day-to-day operations of the school. The Board will maintain the position as a policy making board to insure that all policies and procedures support the operation of the corporation.

ARTICLE 5

OFFICERS OF CORPORATION and BOARD OF DIRECTORS

SECTION 5.1 OFFICERS

The officers of the corporation shall be a Chair, President, ~~Executive-Director~~, Secretary, and a Treasurer. The corporation may also have, at the discretion of the Board, a chairman of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be elected or appointed in accordance with the provisions of Section 5.3. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President, ~~Executive-Director~~, or ~~Chairman~~ of the Board.

SECTION 5.2 ELECTION

The officers of the corporation ~~Board of Directors~~ shall be elected at the annual meeting of the Board. The Officers of the Corporation and the Board of Directors are one in the same. Election of an officer is conducted after the candidate completes a Board Application and is interviewed by the Board of Directors. Following the candidate's interview, the Board has the right to appoint the candidate after a majority vote has been taken.

SECTION 5.3 SUBORDINATE OFFICERS

The Board may elect, and may empower the President/Executive Director to appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

SECTION 5.4 REMOVAL

The Board may remove any officer, either with or without cause, at any time. The removed officer will relinquish any and all information pertaining to the corporation within 48 hours of removal from the Board.

SECTION 5.5 RESIGNATION

Any officer may resign at any time. Such resignation may not prejudice any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified. The acceptance of such resignation shall not be necessary to make it effective. The letter of resignation or stated resignation will become part of the minutes that pertain to that particular board meeting.

SECTION 5.6 VACANCIES

A vacancy in any office shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office. Such vacancies shall be filled as they occur. The President-Chair of the Board may create a subcommittee to assign particular ~~board members~~ Directors the task of identifying candidates to fill the vacant position(s) on the Board (See Article 6). This subcommittee will report at a later date ~~their-its~~ recommendations for filling the vacant position(s) on the Board.

SECTION 5.7 PRESIDENTCHAIR

The ~~President-Chair~~ shall preside over the meetings of the Board. The ~~President-Chair~~ shall have such other powers and perform such other duties as the Board may prescribe from time to time.

SECTION 5.8 PRESIDENT/~~EXECUTIVE-DIRECTOR~~

The President, also known as the Executive Director, is the general manager and chief executive officer of the corporation and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the corporation. ~~In the absence of the President of the Board, the Executive Director shall preside at all meetings of the Board.~~ The President/~~Executive Director~~ has the general management powers and duties usually vested in the office of President and general manager of a corporation as well as such other powers and duties as may be prescribed from time to time by the board and as are described in the Charter.

SECTION 5.9 SECRETARY

- a. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of the Board and its committees, including the following information for all such meetings: the time and place of holding; whether regular or special; if special, how authorized; the notice thereof given; the names of those present and absent, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office in the State of California, the original or a copy of the corporation's Articles of Incorporation and Bylaws, as amended to date, and a register showing the names of all directors and their respective addresses. The Secretary shall keep the seal of the corporation and shall affix the same on such papers and instruments as may be required in the regular course of business, but failure to affix it shall not affect the validity of any instrument.
- b. The Secretary shall give, or cause to be given, notice of all meetings of the Board and any committees thereof required by these Bylaws or by law to be given, and shall distribute the minutes of meetings of the Board to all its members promptly after the meetings; shall keep the seal of the corporation in safe custody, shall see that all reports, statements and other documents required by law are properly kept or filed, except to the extent the same are to be kept or filed by the Treasurer; and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board.

SECTION 5.10 TREASURER

- a. The Treasurer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts and disbursements. The book of accounts shall at all times be open to inspection by any Board Member.
- b. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated from time to time by the Board. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, and shall render to the President ~~and Executive Director~~, upon request, an account of all transactions as the Treasurer and of the financial condition of the corporation. The Treasurer shall present an operating statement and report, since the last proceeding regular Board meeting, to the Board at all regular meetings. The Treasurer shall have such other powers and perform such other duties as may be determined from time to time by the Board.

ARTICLE 6

COMMITTEES

SECTION 6.1 BOARD COMMITTEES

The Board may, by resolution adopted by a majority of the Directors then in office, provided that a quorum is present, create one or more standing or ad hoc committees, each consisting of at least two (2) members of the Board, to serve at the request of the Board. Appointments to such Board committees shall be by majority vote of the Directors then in office, and chairman of the Board shall appoint the chairperson of such Board committees, if there is such an officer, or the President/~~Executive Director~~. Unless otherwise provided in these Bylaws or by the laws of the State of California, each Committee shall have all of the authority of the board to the extent delegated by the Board; except that no committee, regardless of Board resolution, may:

- a. Fill vacancies on the Board or on any committee, which has the authority of the Board;
- b. ~~Fix compensation of Directors for serving on the Board or any committee;~~
- c. Amend or repeal Bylaws or adopt new Bylaws;
- d. Amend or repeal any resolution of the Board, which by its express terms is not so amendable or repealable;
- e. Appoint committees of the Board or the members thereof;
- f. Spend corporate funds to support a nominee or applicant for Director after there are more people nominated for Director than can be elected;
- g. Approve any self-dealing transaction, except as provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law; or
- h. Approve any action for which the California Nonprofit Public Benefit Corporation Law requires the approval of the Board.

SECTION 6.2 MEETINGS AND ACTION OF BOARD COMMITTEES

The Board shall have the power to prescribe the manner in which proceedings of any such board committee shall be conducted in the absence of any such prescription; the committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the board or such committee shall otherwise provide, meetings and actions of Board committees shall be governed by, held and taken in accordance with, the provisions of Article 4 of these Bylaws which concern meetings of the Board, with such changes in those provisions as required by this Article 6 and as necessary to substitute the committee and its members for the Board and its members, except that the time of regular meetings of the committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Notice of special meetings of Board committees shall be given to any and all alternate members who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any Board committee not inconsistent with the provisions of these Bylaws.

SECTION 6.3 OTHER COMMITTEES

- a. The ~~President/Executive-DirectorChair~~, or the Board, subject to the limitations imposed by the Board, may create other committees, either standing or special; to serve the Board that does not have the powers of the Board. The ~~President/Executive-DirectorChair~~ shall appoint members to serve on such committees and shall designate the committee chairperson.
- b. The ~~President/Executive-DirectorChair~~, the chairperson of the committee, or a majority of the committee's voting members may call meetings of a committee. Each committee shall meet as often as is necessary to perform its duties. Notice of a meeting of a committee may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meeting. A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any meeting of the committee. Each committee may keep minutes of its proceedings and shall submit them to the Board Chair before each scheduled Board meeting.
- c. Any member of a committee may resign at any time by giving written notice to the chairperson of the committee or to the ~~President/Executive-DirectorChair~~. Such resignation, which may or may not be made contingent upon formal acceptance, shall take effect upon the date of receipt or at any later time specified in the notice. The ~~President/Executive-DirectorChair~~ may, with prior approval of the Board, remove any appointed member of a committee. The ~~President/Executive-DirectorChair~~, with the Board's approval, shall appoint a member to fill a vacancy in any committee.

ARTICLE 7

~~SELF-DEALING TRANSACTIONS CONTRACTS AND LOANS WITH DIRECTORS AND EMPLOYEES~~

SECTION 7.1 CONTRACTS WITH DIRECTORS DEFINITIONS

The Corporation shall not enter into a contract or transaction in which a director directly or indirectly has a material financial interest (nor shall the Corporation enter into any contract or transaction with any other corporation, firm, association, or other entity in which one or more of the Corporation's directors are directors and have a material financial interest.). Self-dealing transaction means a transaction to which the corporation is a party and in which one or more of the Directors ("interested Director(s)") has a material financial interest. Notwithstanding this definition of self-dealing transaction, the following transactions are not self-dealing transactions, and are subject to the Board's general standard of care:

An action by the Board fixing the compensation of a Director as a Director or officer of the corporation;

A transaction which is part of a public or charitable program of the corporation if the transaction is (1) approved or authorized by the corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more Directors or their families because they are in a class of persons intended to be benefited by the program;

- a. A transaction of which the interested Directors have no actual knowledge, and which does not exceed the lesser of one percent (1%) of the corporation's gross receipts for the fiscal year immediately preceding the year in which such transaction occurs or One Hundred Thousand Dollars (\$100,000).

SECTION 7.2 ~~CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES~~ACTION OF THE BOARD

~~The Corporation shall not enter into a contract or transaction in which a non-director designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest unless all of the requirements in the Corporation's Conflict of Interest Code have been fulfilled. If the transaction appears to be a self-dealing transaction, the interested Director must demonstrate the following in order to sustain the validity of the transaction:~~

~~That, prior to consummating the transaction or any part thereof, the Board authorized or approved the transaction in good faith by vote of a majority of the Directors then in office, excluding the vote of the interested Director(s) and with knowledge of the material facts concerning the transaction and the interested Director's involvement. Except as provided in Section 7.4, action by a committee of the Board will not satisfy this requirement;~~

~~That either:~~

~~Prior to authorizing or approving the transaction, the Board considered and in good faith determined after reasonable investigation that the corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or~~

~~The corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances;~~

~~That the corporation entered into the transaction for its own benefit; and~~

~~That the transaction was fair and reasonable as to the corporation at the time the corporation entered into the transaction;~~

INTERESTED DIRECTOR'S VOTE

~~In determining whether the Board validly met to authorize or approve a self-dealing transaction, interested Directors may be counted to determine the presence of a quorum, but an interested Director's vote may not be counted toward the required majority for such authorization, approval or ratification.~~

SECTION 7.3 COMMITTEE APPROVAL

~~A Board committee may approve a self-dealing transaction in a manner consistent with the standards prescribed for approval by the Board if it was not reasonably practical to obtain approval of the Board prior to entering into the transaction; the Board determines in good faith that the committee met the same requirements the Board would have had to meet in approving the transaction; and the Board ratifies the transaction at its next meeting by a vote of a majority of the Directors then in office, excluding the vote of the interested Director(s).~~

SECTION 7.4 PERSONS LIABLE AND EXTENT OF LIABILITY

~~If a self-dealing transaction has not been approved as provided above, the interested Director(s) may be required to do such things and pay such damages as a court may provide as an equitable and fair remedy to the corporation, considering any benefit received by it and whether or not the interested Director(s) acted in good faith and with the intent to further the best interests of the corporation.~~

SECTION 7.5 STATUTE OF LIMITATIONS

~~An action to remedy an improper self-dealing transaction, brought by a proper party under Section 5233(e) of the California Nonprofit Public Benefit Corporation Law, must be commenced either:~~

- ~~a. Within two (2) years after written notice putting forth the material facts of the transaction and the interested Director's interest in it was filed with the Attorney General in accordance with the Attorney General's regulations; or~~
- ~~b. If no such notice is filed, within three (3) years after the transaction occurred, except that the Attorney General shall have ten (10) years after the transaction occurred within which to file an action.~~

SECTION 7.6 CORPORATE LOANS AND ADVANCES

The corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer, unless approved by the Attorney General; provided, however, that the corporation may advance money to a Director or officer of the corporation or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or Director, if, in the absence of such advance, such Director or officer would be entitled to be reimbursed for such expenses by the corporation, its parent or any subsidiary.

SECTION 7.7 ANNUAL STATEMENT OF CERTAIN TRANSACTIONS

~~The annual statement required by Section 6322 of the California Nonprofit Public Benefit Corporation Law shall be furnished to the Directors for any fiscal year in which a transaction or indemnification of the kind described in a. or b. below took place:~~

- ~~a. A transaction in which the corporation or a parent or subsidiary was a party and a Director or officer of the corporation or a parent or subsidiary or a holder of more than ten percent (10%) of the voting power of the corporation or a parent or subsidiary had a direct or indirect material financial interest and which involved Fifty Thousand Dollars (\$50,000) or more or which was one of a number of such transactions which involved the same interested person and which amounted in the aggregate to Fifty Thousand Dollars (\$50,000) or more; or~~
- ~~b. Any indemnification or advance aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or Director of the corporation or a parent or subsidiary.~~

~~Such statement shall be mailed or delivered to the Directors within one hundred twenty (120) days after the close of the corporation's fiscal year.~~

ARTICLE 8

OTHER PROVISIONS

SECTION 8.1 VALIDITY OF INSTRUMENT

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other written instrument and any assignment or endorsement thereof executed or entered

into between the corporation and any other person, shall be valid and binding on the corporation when signed by the Chair, President/~~Executive Director~~, or any Vice President and the Secretary or Treasurer of the corporation, unless the other person has actual knowledge that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person(s) and in such manner and from time to time shall be determined by the Board and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement, to pledge its credit, or to render it liable for any purpose or amount.

SECTION 8.2 CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, words in these Bylaws shall be read as the masculine or feminine gender, and as the singular or plural, as the context requires, and the word "person" includes both the corporation.

ARTICLE 9

INDEMNIFICATION OF AGENTS OF CORPORATION; PURCHASE OF LIABILITY INSURANCE

SECTION 9.1 DEFINITIONS

For the purpose of this Article, "agent" means any person who is or was a Director, officer, employee or other agent of this corporation, or is or was serving at the request of this corporation as a Director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a Director, officer, employee or agent of a foreign or domestic corporation which was a predecessor or corporation "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Section 9.2 c. or Section 9.2 d. (2) of this Article.

SECTION 9.2 INDEMNIFICATION OF AGENTS

- a. This corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action by or in the right of this corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General of California or a person granted relator status by the Attorney General of California for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of this corporation, against expenses, judgment fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of this corporation and, in the case of a criminal proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this corporation, nor that the person had reasonable cause to believe that the person's conduct was unlawful.

- b. This corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this corporation, or brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or brought by the Attorney General of California or a person granted realtor status by the Attorney General of California for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or, was an agent of this corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 9.2 b.:
- (1) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to this corporation in the performance of such person's duty to this corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;
 - (2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
 - (3) Of expenses incurred in defending a threatened or pending action that is sealed or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General of California.
- c. To the extent that an agent of this corporation has been successful on the merits in defense of any proceeding referred to in subsection a or b of this Section 9.2 or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.
- d. Except as provided in subsection c. of this Section 9.2, any indemnification under this Section 9.2 shall be made by this corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in subsection a or b of this Section 9.2, by:
- (1) A majority vote of a quorum consisting of Directors who are not parties to such proceeding; or
 - (2) The court in which such proceeding is or was pending, upon application made by this corporation or the agent or the attorney or other person rendering services in connection with the defense whether or not such application by the agent, attorney or other person is opposed by this corporation.
- e. Expenses incurred in defending any proceeding may be advanced by this corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized by this Section 9.2.

- f. No provision made by this corporation to indemnify its or its subsidiary's Directors or officers for the defense of any proceeding, whether contained in the Articles of Incorporation, these Bylaws a resolution of the Directors, an agreement or otherwise, shall be valid unless consistent with this Section 9.2. Nothing contained in this Section 9.2 shall affect any right to indemnification to which persons other than such Directors and officers may be entitled by contract or otherwise.
- g. No indemnification or advance shall be made under this Section 9.2, except as provided in Section 9.2 c. or Section 9.2 d.(2) hereof, in any circumstances where it appears:
 - (1) That it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws or an agreement in effect at the time of accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
 - (2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 9.3 PURCHASE OF LIABILITY INSURANCE

Upon and in the event of a determination by the Board to purchase such insurance, this corporation may purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this corporation would have the power to indemnify the agent against such liability under the provisions of this Article provided, however, that this corporation shall have no power to purchase and maintain such insurance to indemnify any agent of this corporation for violation of Section 5233 of the California Nonprofit Public Benefit Corporation Law.

SECTION 9.4 NONAPPLICABILITY TO FIDUCIARIES OF EMPLOYEE BENEFIT PLANS

This Article 9 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent, as defined in Section 9.1, of the employer corporation. The corporation shall only have the power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by Section 207(f) of the California General Corporation Law.

ARTICLE 10

AMENDMENTS AND CORPORATE CHANGES

SECTION 10.1 BYLAWS

These Bylaws will be reviewed at least once every four (4) years and shall be documented as to the date of such review. New Bylaws may be adopted or these Bylaws may be amended or repealed by a majority vote of the Board, provided, however, that any change to the provisions of Article 10 shall also require a majority vote of the Board of The Classical Academy ~~High School~~, Inc.

SECTION 10.2 ARTICLES OF INCORPORATION

Amendments to the corporation's Articles of Incorporation shall require a majority vote of the Board and a majority vote of the Board of The Classical Academy ~~High School~~, Inc.

SECTION 10.3 MAJOR CORPORATE CHANGES

Any transfer or lease of substantially all of the assets of the corporation, or dissolution or merger of the corporation, shall require the consent of The Classical Academy ~~High School~~, Inc.

CERTIFICATE OF ADOPTION OF BYLAWS

I certify that I am the elected and acting Secretary of The Classical Academy, Incorporated, a California nonprofit public benefit corporation, and that the foregoing Bylaws, constitute the Bylaws of such corporation as adopted at a meeting of the Board of Directors held on February 9, 1999, and amended on September 30, 2003 December 8, 2004, January 25, 2011, ~~and~~ June 4, 2013, and September 11, 2018.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the corporation to this certificate on September 11, 2018~~June 4, 2013.~~

Paul Donovan, Jr. Mark Reardon
Board Secretary

THE CLASSICAL ACADEMY, INC.

CONFLICT OF INTEREST CODE

I. ADOPTION

In compliance with the Political Reform Act of 1974, California Government Code Section 87100, et seq., The Classical Academy, Inc. ("Charter School") hereby adopts this Conflict of Interest Code ("Code"), which shall apply to all governing board members and all other designated employees of Charter School, as specifically required by California Government Code Section 87300.

II. DEFINITION OF TERMS

As applicable to a California public charter school, the definitions contained in the Political Reform Act of 1974, the regulations of the Fair Political Practices Commission, specifically California Code of Regulations Section 18730, and any amendments or modifications to the Act and regulations are incorporated by reference to this Code.

III. DESIGNATED EMPLOYEES

Employees of this Charter School, including governing board members, 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" attached to this policy and incorporated by reference herein.

IV. STATEMENT OF ECONOMIC INTERESTS: FILING

Each designated employee, including governing board members, shall file a Statement of Economic Interest ("Statement") at the time and manner prescribed by California Code of Regulations, title 2, section 18730, disclosing reportable investments, interests in real property, business positions, and income required to be reported under the category or categories to which the employee's position is assigned in "Exhibit A."

An investment, interest in real property or income shall be reportable, if the business entity in which the investment is held, the interest in real property, the business position, or source of income may foreseeably be affected materially by a decision made or participated in by the designated employee by virtue of his or her position. The specific disclosure responsibilities assigned to each position are set forth in "Exhibit B."

Statements Filed With the Charter School. All Statements shall be supplied by the Charter School. All Statements shall be filed with the Charter School. The Charter School's filing official shall make and retain a copy of the Statement and forward the original to the County Board of Supervisors.

V. DISQUALIFICATION

No designated employee shall make, participate in making, or try to use his/her official position to influence any Charter School decision which he/she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family.

VI. MANNER OF DISQUALIFICATION

A. Non-Governing Board Member Designated Employees

When a non-Governing Board member designated employee determines that he/she should not make a decision because of a disqualifying interest, he/she should submit a written disclosure of the disqualifying interest to his/her immediate supervisor. The supervisor shall immediately reassign the matter to another employee and shall forward the disclosure notice to the Executive Director, who shall record the employee's disqualification. In the case of a designated employee who is head of an agency, this determination and disclosure shall be made in writing to his/her appointing authority.

B. Governing Board Member Designated Employees

The Corporation shall not enter into a contract or transaction in which a director directly or indirectly has a material financial interest (nor shall the Corporation enter into any contract or transaction with any other corporation, firm, association, or other entity in which one or more of the Corporation's directors are directors and have a material financial interest).

EXHIBIT A

Designated Positions

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Members of the Governing Board	1, 2, 3
Executive Director	1, 2, 3
Director of Finance	1, 2, 3
Director of Technology	1, 2
Director of Operations	1, 2
Facilities Manager	1, 2
Consultants/New Positions	*

*Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation:

The Executive Director may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code (Government Code § 81008).

EXHIBIT B

Disclosure Categories

Category 1

Designated positions assigned to this category must report:

- a) Interests in real property that are located in whole or in part within a two-mile radius:
 - of any school district that has authorized a The Classical Academy charter school, or
 - of any facility utilized by The Classical Academy charter schools, or
 - of a proposed site for a The Classical Academy facility.
- b) Investments and business positions in business entities, and sources of income (including gifts, loans, and travel payments) of the type that engage in the purchase or sale of real property or are engaged in building construction or design.

Category 2

Designated positions assigned to this category must report:

- a. Investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) that are contractors engaged in the performance of work or services, or sources that manufacture, sell, repair, rent or distribute school supplies, books, materials, school furnishings or equipment of the type to be utilized by The Classical Academy.

Category 3

Designated positions assigned to this category must report:

- a. Investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) that are contractors engaged in the performance of work or services, or sources that manufacture, sell, repair, rent or distribute school supplies, books, materials, school furnishings or equipment of the type to be utilized by the designated position's department.



LAW OFFICES OF YOUNG, MINNEY & CORR, LLP
THE CHARTER LAW FIRM

AUGUST 5, 2018

ATTORNEY/CLIENT PRIVILEGED &
CONFIDENTIAL COMMUNICATION

WAYNE K. STRUMPFER ESQ.
OF COUNSEL

wstrumpfer@mycharterlaw.com

Cameron Curry, Executive Director
The Classical Academy, Incorporated
2950 South Bear Valley Parkway
Escondido, CA 92025

SENT VIA: EMAIL
ccurry@classicalacademy.com

Re: Compliance with Conflict of Interest Laws

Dear Mr. Curry:

You have requested advice regarding compliance with conflict of interest laws in relation to The Classical Academy, Incorporated ("TCA") Board President Mark Reardon and his wife, Lynn Reardon, who is employed as a Registrar at Classical Academy Online. You asked specifically:

1. Can Mark Reardon remain on TCA's Board while Lynn is employed as a registrar at Classical Academy Online?
2. If so, when will Mark Reardon need to recuse himself from voting on or influencing Board agenda items?

Summary Answer

Mark Reardon may remain on the Board of TCA if he recuses himself from voting or attempting to influence the vote on any Board agenda items that may directly affect Lynn's financial interests. Mark Reardon may vote and actively participate in Board agenda items that involve school finances but that do not appear to affect his wife's financial interest. However, Mark Reardon and the Board should use caution in such participation and seek legal counsel when there are questions or concerns.

Discussion

To put this issue in context, in recent years the most controversial and negative headlines for charter schools have frequently included allegations of conflicts of interest related to board members, administrators, and/or other key decision makers of the charter school. Also, in almost every case where we have defended a charter school against revocation, conflict of interest

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allegations have been made by the granting agency. Accordingly, our advice is guided not only by the legal requirements set out below, but also by the concern for avoiding public controversy and the kind of distractions that can lead to significant harm for a charter school. Due to the political climate and the current high profile of conflict of interest matters in charter schools throughout California, our advice is aimed at avoiding even the appearance of impropriety in the charter school's decision making and administration.

For charter schools operated by nonprofit public benefit corporations, conflict of interest questions often implicate multiple California laws. TCA, in a recent memorandum of understanding with the San Diego County Board of Education, has agreed to comply with Government Code section 1090 ("Section 1090") and the Political Reform Act of 1974 ("PRA"). Because these circumstances regard an employment contract of the Board member's wife, the law we are most concerned with and will focus on is Section 1090.

1. Can Mark Reardon remain on TCA's Board while his wife, Lynn, is employed as a registrar at a TCA school, Classical Academy Online?

Section 1090 generally prohibits public officers, while acting in their official capacities, from making contracts in which they are financially interested. It states, in relevant part, that officials such as TCA Board members "shall not be financially interested in any contract made by them in their official capacity..." Court decisions have held that a public official or employee may be convicted of a violation of Section 1090 whether or not he actually participated personally in the execution of the questioned contract, "if it is established that he had the opportunity to, and did, influence the execution directly or indirectly to promote his personal interests." (*People v. Sobel* (1974) 40 Cal.App.3d 10146, 1052.) The term "participation" is defined broadly in the making of a contract as any act involving preliminary discussions, negotiations, compromises, reasoning, planning, and advertising. (*Millbrae Assn. for Residential Survival v. City of Millbrae* (1968) 262 Cal.App.2d 222, 237.)

Under Government Code section 1090, not only may the individual Board member not participate in any way with a decision in which he or she has a financial interest, the Board, as a whole, cannot enter into a contract in which one Board member has a financial interest. A contract made in violation of Section 1090 will be deemed void. (Government Code section 1092; *Thompson v. Call*, *supra*, at p. 633.) Courts have held the profits made from such a contract will be disgorged. (*County of San Bernardino v. Walsh* (2007) 158 Cal.App.4th 533.) Also, a violation of Section 1090 could potentially result in charter revocation under Education Code section 47607(c).

It has long been held that a person's financial interest in a spouse's employment and income is an "interest" within the meaning of Section 1090. (*People v. Honig* (1996) 48 Cal.App.4th 289, 319.) In *People v. Honig*, the Court upheld a felony conviction of the State Superintendent of Public Education of violating Section 1090 when he arranged contracts between the Department of Education and certain school districts to pay the salaries of some educators employed by a



nonprofit entity that employed Honig's wife. The Court noted that Honig's conduct allowed the wife's employer to pay her salary. (*Honig*, at pp. 320-321.) "Put in ordinary but nonetheless precise terms, an official has a financial interest in a contract if he might profit from it." (*Honig* at p. 333.) The California Supreme Court has said that properly understood, Section 1090 is a prophylactic against temptation that even might corrupt or influence public officials. (*Thompson v. Call* (1985) 38 Cal.3d 633, 648.) "It attempts to prevent honest government agents from succumbing to temptation by making it illegal for them to enter into relationships which are fraught with temptation." (*Honig* at p. 314.) Section 1090 is intended "not only to strike at actual impropriety, but also at the appearance of impropriety." (*City of Imperial Beach v. Bailey* (1980) 103 Cal.App.3d 191, 197.)

There are certain circumstances where a spouse's employment is excluded from the scope of Section 1090. Government Code section 1091.5(a)(6) states a public official "shall not be deemed to be interested in a contract if his or her interest is ... That of a spouse of an officer or employee of a public agency in his or her spouse's employment ... if his or her spouse's employment ... has existed for at least one year prior to his or her election or appointment." In other words, if Lynn Reardon had been continually employed by the school for more than a year before her husband joined the Board, Section 1090 would not apply. However, here, Lynn had not been continuously employed for a year or more prior to her husband's designation as a member of the Board.

Therefore, any future decisions made by the Board that may affect Lynn's financial interest could likely violate Section 1090. As mentioned above, Section 1090 normally applies to not just the interested Board member, but the whole Board. In this circumstance where a spouse of a Board member is employed by the school, the spouse's salary or position cannot change while her husband is on the Board. Any vote that may affect the spouse's financial interest by the Board violates Section 1090. (See *Honig*, Id. at p. 319-321.) This may include not only specific salary increases, but general items such as the budget or many other fiscal decisions. If Section 1090 does not allow the Board to vote on a budget while Mark Reardon is on the Board, it becomes a situation where either Mark or Lynn would have to resign. However, there is an exception to this requirement called the "Rule of Necessity" that will allow the Board (while Mark Reardon abstains from voting) to vote on general items such as the budget and other fiscal decisions that may indirectly effect Lynn Reardon's financial interest.

The Rule of Necessity allows a public agency – in this case TCA's Board – to perform essential business that no other body could perform despite a member's conflict. (*Lexin v. Superior Court* (2010) 47 Cal.4th 1050, 1072.) In California Attorney General's Opinion 13-702, a community college trustee who was married to a tenured professor asked if he could participate in the collective bargaining process. The Attorney General found Government Code section 1091.5(a)(6) applied in that case regarding salary, but that the trustee could not participate in renegotiation of health care benefits because that would affect the trustee's personal benefits. The Attorney General noted that the conflict did not mean the board of trustees could not contract for health benefits due to the conflict, but that they could renegotiate the health benefits under the Rule



of Necessity if the trustee recused himself. The opinion states: "...the rule of necessity has been applied to allow school boards to contract with its employees in situations similar to this one, because 'a school board is the only entity empowered to contract on behalf of a school district' and 'a district must employ teachers.'" (Page 4 of the opinion, quoting 73 Ops.Cal.Atty.Gen. 191, 195.)

Although Lynn Reardon's salary and position cannot change while her husband is on the Board, using the Rule of Necessity will allow TCA's Board to function and vote on general fiscal policies while Mark Reardon recuses himself of those votes. This allows Mark Reardon to remain on the Board if he so chooses.

2. When will Mark Reardon need to recuse himself from voting on or influencing Board agenda items?

We recommend Mark Reardon recuse himself from voting on or trying to influence any Board agenda items that may affect his wife's financial interests so as to not violate Section 1090 or the PRA. While Section 1090 focuses on the Board entering into contracts where Board members have financial interests, the PRA addresses governmental decisions. Under the PRA, public officials, including charter school executives and Board members, are disqualified from participating in or attempting to influence decisions in which the official has a material financial interest. The PRA states, in relevant part: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest." (California Government Code section 87100, et seq.)

A public official has a "financial interest" under the PRA if it is reasonably foreseeable that the decision will have a material effect on the official or a member of his immediate family. (Government Code section 87103.) Government Code section 87103(c) defines a financial interest as income and salary.

So pursuant to Section 1090 and the PRA, Mark Reardon should neither vote nor make any attempt to influence others voting on Board agenda items that may affect Lynn Reardon's financial interests. Although Lynn Reardon's salary may not change during her husband's tenure on the Board, there may still be other Board votes or decisions that may affect her. A change in employees' health benefits, retirement, days off, or hours worked are all examples of this. In deciding when to vote, we recommend Mark Reardon always consider what, if any, financial interest might be involved in the agenda item as it pertains to his wife. Mark Reardon should avoid voting on or attempting to influence the vote on anything that can be reasonably argued as an interest.

When Mark Reardon recuses himself, he and the Board must take specific actions. First, when Mark first believes he has a potential conflict of interest, he should send a written note to the Board announcing the potential conflict and that he will be recusing himself from the vote and any



discussion regarding the agenda item. At the Board meeting where the item causing the conflict is discussed or voted on, Mark should announce his potential conflict of interest when the item first comes up on the agenda and leave the room while the item is presented. After the item is concluded, Mark can return to the Board meeting. We strongly recommend the meeting minutes specifically note when Mark left the room and then returned. In the meantime, we also strongly recommend that Lynn Reardon, for as long as her husband is on the Board, not receive a change in pay or position.

Conclusion

Mark Reardon may remain of TCA's Board if he recuses himself from voting or attempting to influence the vote on any Board agenda items that may directly affect Lynn's financial interests. Lynn's salary and position should not change while her husband remains on the Board. We highly recommend Mark Reardon send a written note to the Board when he first learns of the potential conflict for an upcoming Board meeting. At the Board meeting where the item is on the agenda, Mark should leave the room during discussion and/or voting on the item in which he may have a conflict. Mark may vote and actively participate in Board agenda items that involve school finances but that do not appear to affect Lynn's financial interest. However, Mark Reardon and the Board should use caution in such participation and seek legal counsel when there are questions or concerns.

I hope the above information is helpful. Should you have any further questions or concerns, or if we can provide further assistance, please do not hesitate to contact me. Please also be aware that this opinion is written based on the facts contained herein. Should the facts not be accurate or should the facts change, please contact us as this will likely impact the advice we provide.

Very truly yours,
LAW OFFICES OF YOUNG,
MINNEY & CORR, LLP



Wayne K. Strumpfer
ATTORNEY AT LAW





THE CLASSICAL ACADEMIES

- ESCONDIDO | VISTA | OCEANSIDE | ONLINE -

Board Report Student Handbook Updates

Background:

Each school provides a handbook annually to students that detail organizational norms for behavior, participation, and enrollment to set the bar on what is expected from all students attending the charter public school.

Report:

The handbooks for all sites have been updated and include the following new information.

1. Alignment

- Consistent wording of key paragraphs (Technology Acceptable Use policies, No Dogs/Pets paragraph, etc.), while continuing to allow sites to personalize (Drop Off and Pick Up, Parking, etc.)

2. Compliance

- Addition of links to Suspension and Expulsion, Title IX, and FERPA notices
- Clarifying language (ie. volunteering is optional, not required)

3. Other

- Moved from Wiki to Google Site, with hard copies available through front office
- Added references to ParentSquare and Podcast
- Removed all references to "Staff"

Action Required by the Board:

The Board is asked to review the documents and vote to accept their use for the 2018/2019 school year.

Cameron Curry
Executive Director
August 31, 2018



THE CLASSICAL ACADEMIES

-Special Education-

4183 AVENIDA DE LA PLATA, OCEANSIDE CA 92056
WWW.CLASSICALACADEMY.COM
760-477-5218

Board Report

Special Education: Community Advisory Committee Representative

Background:

El Dorado Charter SELPA: Community Advisory Committee (Nominating Jennifer Sage)
The Community Advisory Committee (CAC) is primarily composed of parents of special needs children and representatives from public and private agencies. Presentations on topics of interest to families of special needs children are provided free of charge. There is also an opportunity to network with other meeting attendees. Business meetings are held quarterly in conjunction with the presentations.

Report:

Jennifer Sage would attend CAC board meetings (via web) as The Classical Academies parent representative. Jennifer has students that attend The Classical Academy. She is excited to help develop parent involvement in the special education department.

Action Required by the Board:

I would encourage the Board's approval of Jennifer Sage as our CAC Representative, and once approved, I will notify EDCOE of our school representative.

Cori Coffey
Director of Special Education
June 21, 2018

The Classical Academy, Inc.

Enrollment Report

September 1, 2018

Enrollment Period-	1-Sep				
Grades	TCA	CAMS	TCA Vista	ECC	CAHS
TK	15	0	7	0	0
K	101	0	48	0	0
1	119	0	46	0	0
2	122	0	52	0	0
3	92	0	47	0	0
4	118	0	57	0	0
5	152	0	57	0	0
6	167	0	59	0	0
7	67	138	72	0	0
8	63	136	63	0	0
9	0	0	0	82	216
10	0	0	0	81	218
11	0	0	0	89	221
12	0	0	0	88	212
Total	1,016	274	508	340	867
Adopted Budget	1,060	270	527	340	870
Variance	-44	4	-19	0	-3
9/1/18					