

## ANNUAL OPERATING BUDGET POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Budget Process

SECTION 1.1. The Executive Director will ensure that Citizens of the World Kansas City follows a budgeting process that is consistent with the requirements of federal and Missouri statutes, State Board of Education Rules and Regulations and any other applicable laws or rules.

SECTION 1.2. Each year the Executive Director is required to submit to the Board for consideration a detailed annual budget showing estimates of income and expenditures for the ensuing fiscal year.

SECTION 1.3. Needs Analysis. Each year before the annual operating budget is drafted the Executive Director shall ensure that a needs assessment of Citizens of the World Kansas City is drafted and finalized by a budget committee consisting of the Treasurer of the Board, school leaders, and other individuals as designated by the board. The needs assessment shall inform the drafting of the annual budget.

SECTION 1.4. Adoption. The Board shall formally adopt the budget in an open meeting held in accordance with the Board's bylaws by June 30, according to statutory provisions, and before the expenditure of any funds. By law the approved estimated expenditures for each fund cannot exceed the estimated revenues to be received plus the unencumbered beginning cash balance for the fund.

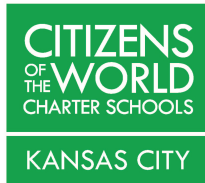
SECTION 1.5. Minutes. The Secretary or Chair or Vice Chair of the Board will record the adoption of the budget and any amendments in the Board meeting minutes in which the adoption occurs.

SECTION 1.6. Post-Adoption. After the beginning of the fiscal year, the Executive Director and Business Manager shall review with the Board the adopted budget in relationship to the beginning cash balances for each fund.

### SECTION 2. Fiscal Compliance

The Executive Director or designee, shall ensure that Citizens of the World Kansas City complies with all state and federal laws and rules concerning the budget and related processes of the school.

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## SCHOOL ACCOUNTING SYSTEM POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Fiscal Year

Citizens of the World Kansas City adopts a fiscal year that begins on the first day of July and ends on the thirtieth day of the following June.

### SECTION 2. Financial Accounting

Citizens of the World Kansas City will adhere to the accounting guidelines of the Missouri Department of Elementary and Secondary Education.

SECTION 2.1. Identification of Federal Funds. The school shall identify in its accounts all federal awards received and expended, and the federal programs under which they were received by CFDA title and number, federal award identification number, fiscal year of the award, name of the federal agency, and name of the pass-through entity.

SECTION 2.2. Accounting records. The school shall maintain records that adequately identify the source and application of funds. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. The records also shall accurately, currently and completely disclose the financial results of each federal award or program.

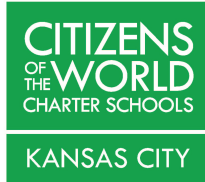
SECTION 2.3. Internal controls. The school shall maintain effective control and accountability of all state and local funds, federal grant and sub-grant cash, real and personal property, and other assets obtained with local, state or federal funds. The school shall adequately safeguard all such property and assure that it is used solely for authorized purposes.

SECTION 2.4. Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

SECTION 2.5. Budget control. The school shall compare actual expenditures or outlays of state or federal funds with budget amounts for each fund, grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. Applicable federal cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allow ability, and allocability of costs.

SECTION 2.6. Account Code Structure

All charter schools must use the account code structure as described in the Missouri Department of Education's Chart of Accounts. Grant and subgrant revenues, expenditures, etc. shall be separately identified with codes and shall not be commingled with other state, federal, and local funds.



## AUDIT AND FINANCIAL STATEMENTS POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Annual Audit.

SECTION 1.1. Annual Audit. Annually, the books and accounts of the School will be audited by an independent certified public accountant in conformance with the prescribed standards and legal requirements. The Business Manager shall place before the Board the matter of the retaining of a certified public accountant. The auditor shall be selected by the Board. The audit shall be presented to the Board for examination and approval.

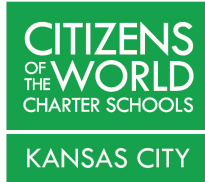
SECTION 1.2. Board Action. Once the Board of Directors of Citizens of the World Kansas City receives the final report, it must vote to accept the contents of the audit at either its next regularly called meeting or at a special meeting called in accordance with the Board's bylaws.

SECTION 1.3. Submission to Sponsor. The Executive Director shall ensure that a copy of the annual audit report is timely filed with the Sponsor. The audit report should include a certificate signed by the Chair of the Board that the Board voted to accept the contents of the audit. If the Board did not accept the contents of the audit report, that should be noted with the submission.

SECTION 2. Annual Financial Statement. The Executive Director or designee shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

- a. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state and federal money, gifts, or other general sources from which funds are derived;
- b. the total disbursements of the fund, itemized by the nature of the expenditure;
- and c. the balance in the fund at the close of the fiscal year.

SECTION 2.1. The Executive Director shall ensure that the annual financial statement is submitted to the Sponsor in a timely manner pursuant to deadlines.



## CONFLICT OF INTEREST POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy, effective on the date of adoption by the Board.

This policy establishes expectations for governing board member conflicts of interest.

### ARTICLE I

#### Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. As a charter school, certain special state conflicts of interest policies apply as discussed herein.

### ARTICLE II

#### Definitions

##### 1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

##### 2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

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

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

### ARTICLE III

#### Procedures

##### 1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

##### 2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, s/he shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Under Missouri law, the following are conflicts of interest. The Board has no discretion on whether these items present a conflict of interest. No person shall be appointed to the board unless they meet the following requirements. Any board member who is in violation of any of these requirements is ineligible to serve and shall immediately forfeit their office:

- a. No member of the Board shall hold any other office or employment from the board while serving as a member of the board.
- b. No member of the board shall have any substantial interest (see section 105.450 RSMo for a definition) in any entity employed by or contracting with the board.
- c. No member of the board shall be an employee of a company that provides substantial services to the charter school.

##### 3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

#### 4. Violations of the Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### ARTICLE IV

#### Records of Proceedings

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

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### ARTICLE V

#### Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly,

from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## ARTICLE VI

### Annual Statements

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

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## ARTICLE VII

### Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

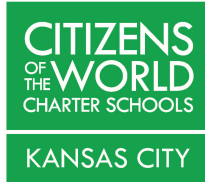
- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining,
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## ARTICLE VIII

### Use of Outside Experts

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





## PAYROLL POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

SECTION 1.1. Accurate & Timely Payroll. The Executive Director shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules.

SECTION 1.2. School employees shall be paid:

- a. In United States currency;
- b. By a written instrument (e.g. check) issued by the employer that is negotiable on demand at full face value for United State currency; or
- c. By the electronic transfer of funds to the employee's bank pursuant to a direct deposit agreement signed by the employee.

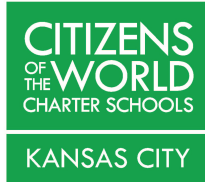
SECTION 2. Paydays.

- a. Exempt Employees. The paydays for exempt employees shall be on the 15<sup>th</sup> and the last business day of each month.
- b. Non-exempt Employees. The paydays for non-exempt employees shall be on 15<sup>th</sup> and last business day of each month.

SECTION 3. Withholding of Wages. The Executive Director shall ensure that the wages of school employees are not withheld except in the following situations as permitted by applicable laws and rules.

- a. The school is ordered to do so by a court of competent jurisdiction;
- b. The is authorized to do so by state or federal law; or
- c. The school has written authorization from the employee to deduct part of the wages for a lawful purpose.

SECTION 4. Teachers Retirement System. As prescribed by Statute, all teachers at Citizens of the World Kansas City shall be members of the Kansas City Public Retirement System and subject to its requirements. The Board shall expend for teacher retirement and compensation for instructional staff an amount that reflects the requirements as outlined in Missouri State Statute and Department of Elementary and Secondary Education regulations.



## FEDERAL FISCAL COMPLIANCE POLICY

The governing body ("Board") of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

### SECTION 1. Fiscal Requirements under Title I, Title II and Title IV of NCLB

SECTION 1.1. Supplement not Supplant. Citizens of the World Kansas City shall ensure that federal funds will be used to supplement, not supplant regular non-federal funds.

SECTION 1.2. Documentation. Documentation shall be maintained, or caused to be maintained, by the Executive Director. The documentation must clearly demonstrate the supplementary nature of federal funds.

SECTION 2. Federal Grant Allowable Expenditures. Prior to expending funds, the Executive Director shall consult the appropriate OMB Circular or other federal guidance to determine what costs are allowable. The Executive Director shall ensure that all grant funds are expended in accordance with the Circular or other applicable federal law or rule.

SECTION 3. Employee Time Sheet. If an employee's compensation is funded by any grant, the Executive Director shall ensure that the employee maintains a time sheet on which he or she records the time spent during the workday along with a description of the service he or she performed during that time. The time sheets must contain the signatures of the employee and a school official.

### SECTION 4. Charter Schools Program (CSP), NCLB Title V, Part B

SECTION 4.1. Compliance. If Citizens of the World Kansas City receives CSP grants, the Executive Director shall ensure that Citizens of the World Kansas City shall comply and use the federal funds in accordance with all statutes, regulations, and approved applications.

SECTION 4.2. Fiscal Control. The Executive Director shall directly administer or supervise the administration of any projects funding through CSP funds, and shall use fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal funds.

SECTION 4.3. Procurement. When using CSP funds to enter into a contract for equipment or services the Executive Director shall comply with the applicable federal procurement standards, including verifying that contractors and vendors are in good standing with the federal government.

### SECTION 5. Use of Federal Grant Funds for Procurement

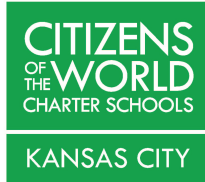
SECTION 5.1. Open and Free. The Executive Director shall ensure that all procurement transactions are conducted in a manner that provides open and free. Awards must be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to Citizens of the World Kansas City considering price, quality, and other relevant factors deemed appropriate by the Citizens of the World Kansas City.

SECTION 5.2. Conflicts of Interest. Pursuant to the Conflict of Interest Board Policy, no employee, officer, or agent of, who has a real or apparent conflict of interest, will participate in the selection, award, or administration of a contract supported by federal funds. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents.

SECTION 5.3.

- a. The solicitation of bids or offers must provide a clear and accurate description of the requirements to be fulfilled by the bidder, technical requirements to be performed including the minimum acceptable standards and specific features of brand name or equal descriptions that bidders are required to meet;
- b. Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises whenever possible;
- c. The type of procurement instruments used (e.g. purchase orders) must be appropriate for the particular procurement;
- d. Contracts are made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement;
- e. Efforts shall be made to avoid acquisition of unnecessary or duplicate items;
- f. Procurement documents shall be made available, upon request, to appropriate government officials.

SECTION 5.4. Record Documentation. The Executive Director shall ensure there is a cost or price analysis made and documented with every procurement action as well as appropriate documentation for the basis for contractor selection, including rationale for the method of procurement, selection of contract type, and contractor selection or rejection. The Executive Director shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract.



## CAPITAL ASSETS ACCOUNTING POLICY

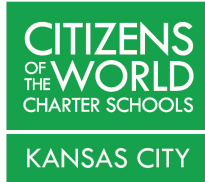
The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board of Directors of CWC Kansas City.

Section 1.1. Definition of Capital Asset. A capital asset is an asset that is tangible in nature; has a life that exceeds one year; of significant value (\$1,000 per unit); and reasonably identified and controlled through a physical inventory system. Examples include: land, buildings, machinery, and furniture.

SECTION 1.2. Documentation. The Executive Director shall ensure that Citizens of the World Kansas City maintains accurate records of capital assets in accordance with applicable rules.

SECTION 1.3. Inventory. The Executive Director will ensure that a physical inventory of capital assets takes place once every two years.

SECTION 1.4. Annual Audit. The annual financial audit required by shall include an exhibit in the audit report identifying all capital assets and the ownership interest of local, state, and federal parties.

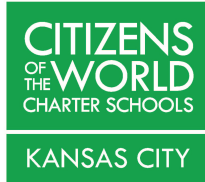


## STATE TAX SOURCES POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

Section 1.1. Acceptance. All state funds will be accepted for the operation of the School as provided by entitlement by law and through regulations of the Missouri State Board of Education or Missouri Department of Elementary and Secondary Education.

Section 1.2. Reporting. The Principal or Business Manager is responsible for filing all required reports and forms to obtain state funds to which the School is entitled to receive according to developed rules and regulations.



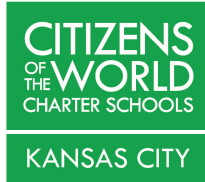
## STATE AND FEDERAL PROJECTS POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

Section 1.1. Authority to Operate. With Board approval, the School may operate various specially funded programs that must be administered in accordance with particular federal and/or state laws, regulations and other conditions for use of such funds.

The Executive Director or Principal shall be the designated School official responsible for coordinating funded projects, administering programs and ensuring that the various departments operating these programs do so within the guidelines of the particular program. The administration shall keep accurate and separate records, as required by state and federal programs, to enable the School to verify program compliance and success. The Executive Director or Principal shall keep the Board fully informed.

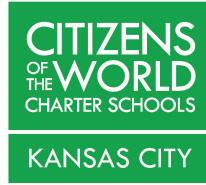
Section 1.2. Staff Involvement. Staff involvement will be solicited by the administration in the planning, implementation and evaluation of programs authorized and approved within the guidelines of Title I of the Improving American Schools Act of 1994 and/or other significant legislative enactments. The vehicle for such involvement shall be determined by the administration, with the approval of the Board.



## BORROWED FUNDS POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

Section 1.1. Authority. State law authorizes the Board to borrow funds in anticipation of the collection of revenue in order to insure continuity in the operations of the School. The Board must approve in advance all applications for loan indebtedness, and comply with other loan agreements entered into by the organization. The amount borrowed and the repayment of notes payable shall be within guidelines as established by state law and rules and regulations of the Missouri Department of Elementary and Secondary Education.

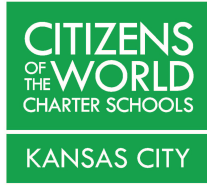


## BONDED INDEBTEDNESS POLICY

The Board of Directors of Citizens of the World Kansas City adopts the following policy that shall be effective on the date that the policy is adopted by the Board.

Section 1.1. Authority. The Board may issue bonds for any School expenditures as prescribed in state law.





## CONFLICTS OF INTEREST QUESTIONNAIRE

This questionnaire has been prepared in accordance with Citizens of the World Kansas City's Policy Statement on Conflicts of Interest, and is to be completed by Citizens of the World Kansas City's Board Members and any Key Personnel of Citizens of the World Kansas City as deemed necessary.

It is expected that when a potential for, or an actual conflict of interest exists, the affected individual will disclose it immediately to the board chair and refrain from participating, discussing and/or voting on that issue.

Please read the statements below and check your appropriate response, including explanations, where applicable. Please date, sign and return to the form to the board chair, or his or her designee, within thirty (30) days of receipt.

I have examined my personal situation as directed in the Statement of Policy on Conflicts of Interest and find that I have:

No area of potential or actual conflicts of interest.

No area of potential or actual conflicts of interest except as follows:

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Signed:

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Print Name

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Title

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Date