



# Bellevue Discovery Center for Early Childhood Education Conflict of Interest Policy

For Trustees, Directors, Officers and Committee Members with Board-Delegated Powers

## Article 1: Purpose

1. The purpose of this Board Conflict of Interest Policy is to protect the interests of Bellevue Discovery Center for Early Childhood Education (Bellevue Discovery), a tax-exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a Bellevue Discovery Trustee, Director, Officer, or Committee Member with Board-delegated powers, or might result in a possible excess-benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to non-profit and charitable organizations.

## Article 2: Definitions

1. **Member:** A Trustee, Director, Officer or Committee Member with Board-delegated powers at Bellevue Discovery.
2. **Interested Person:** Any Member who has a direct or indirect financial interest, as defined below, is an Interested Person.
3. **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 Bellevue Discovery has a transaction or arrangement,
  - b. A compensation arrangement with Bellevue Discovery or with any entity or individual with which Bellevue Discovery has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or potential compensation arrangement with, any entity or individual with which Bellevue Discovery 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. A person who has a Financial Interest may have a Conflict of Interest only if the Board decides that a Conflict of Interest exists, in accordance with this policy.

4. **Independent Member:** A Member shall be considered "independent" for the purposes of this policy if he or she is "independent" as defined in the instructions for the IRS 990 Form, and
  - a. Is not, and has not been for a period of at least three years, an employee of Bellevue Discovery or any entity in which Bellevue Discovery has a Financial Interest;

- b. Does not directly or indirectly have a significant business relationship with Bellevue Discovery which might affect independence in decision-making;
- c. Is not employed as an executive of another corporation where any of Bellevue Discovery's executive officers or employees serve on that corporation's compensation committee; and
- d. Does not have an immediate family member who is an executive officer or employee of Bellevue Discovery or who holds a position that has a significant financial relationship with Bellevue Discovery.

### **Article 3: 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 Board.
2. **Recusal of Self:** Any Member may recuse himself or herself at any time from involvement in any decision or discussion in which the Member believes he or she has or may have a Conflict of Interest, without going through the process for determining whether a Conflict of Interest exists.
3. **Determining Whether a Conflict of Interest Exists:** After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he or she shall leave the Board of Trustees meeting while the determination of a Conflict of Interest is discussed and voted upon. The remaining Trustees shall decide if a Conflict of Interest exists.
4. **Procedures for Addressing a Conflict of Interest:**
  - a. An Interested Person may make a presentation at the Board of Trustees meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest.
  - b. The President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. After exercising due diligence, the Board shall determine whether Bellevue Discovery can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a Conflict of Interest.
  - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the Board of Trustees shall determine by a majority vote of the disinterested Members whether the transaction or arrangement is in Bellevue Discovery's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
5. **Violations of the Conflict of Interest Policy**

- a. If the Board has reasonable cause to believe a member has failed to disclose an actual or possible Conflict of Interest, it shall inform the Member of the basis for such belief and afford the Member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Member's response and after making further investigation as warranted by the circumstances, the Board determines the Member has failed to disclose an actual or potential Conflict of Interest, it shall take appropriate disciplinary and corrective action.

#### **Article 4: Recordings of Procedures**

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

1. The names of persons who disclosed or otherwise were found to have a Financial Interest in connection with any actual or possible Conflict of Interest, the nature of the Financial Interest, any action taken to determine whether a Conflict of Interest was present, and the Board's decision as to whether a Conflict of Interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **Article 5: Compensation**

1. Board Members (Trustees) may not receive compensation, directly or indirectly, from Bellevue Discovery.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Bellevue Discovery for services is precluded from voting on matters pertaining to that member's compensation.
3. No member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Bellevue Discovery, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article 6: Annual Statements**

1. At the beginning of a term, each Member shall sign a statement which affirms such person:
  - a. Has received a copy of the Conflict of Interest Policy,
  - b. Has read and understands the policy,
  - c. Has agreed to comply with the policy, and
  - d. Understands Bellevue Discovery 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.
2. At the beginning of a term, each Member shall sign a statement which declares whether such person is an independent director.

3. If at any time during a term the information in the Statement materially changes, the Member shall disclose such changes and revise his or her statements.
4. The Board shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

#### **Article 7: Periodic Reviews Led by Audit Committee**

To ensure Bellevue Discovery 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:

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

#### **Article 8: Use of Outside Experts**

When conducting the periodic reviews as provided for in Article 7, Bellevue Discovery may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

The standard of behavior at the Bellevue Discovery is that all staff, volunteers, and Board Members scrupulously avoid conflicts of interest between the interests of the organization on one hand, and personal, professional, and business interests on the other. This includes avoiding potential and actual Conflicts of Interest, as well as perceptions of Conflicts of Interest.

I understand that the purposes of this policy are to protect the integrity of the Bellevue Discovery's decision-making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputations of volunteers, staff, and Board Members. Upon or before election, hiring, or appointment, I will make a full, written disclosure of interests, relationships, and holdings that could potentially result in a Conflict of Interest. This written disclosure will be kept on file and I will update it as appropriate.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business or other nonprofit affiliations), my family, and/or my significant other, employer, or close associates will receive a benefit or gain. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question.

I understand that this policy is meant to supplement good judgment, and I will respect its spirit as well as its wording.

Perhaps even more than written policies, Board and staff leadership must establish by example

and attitude an atmosphere of personal integrity. Some situations may need only a brief, informal comment to maintain that climate (example: "I know it's only \$24 but it's important to keep our finances straight"). In others, a decision may be delayed because of the need to ensure that the decision has been made in the organization's best interests. Each of us, by our daily words and actions, contributes to a culture of integrity and responsibility.

Sources:

- <http://www.jcamp180.org/uploadDocs/3/Policies-for-Camps-and-Boards-Workshop-Resources.pdf>
- <http://www.irs.gov/instructions/i1023/ar03.html>



Bellevue Discovery Center for Early Childhood Education

Conflict of Interest Statement

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Please Initial

\_\_\_\_\_ I have received a copy of the Bellevue Discovery Conflict of Interest Policy and I have read, understand, and agree to comply with the Policy.

\_\_\_\_\_ I understand that Bellevue Discovery is a charitable organization 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: Preschool, Parent Education and Parent Coaching.

Yes No I am an Independent Member as outlined in Article 2

We understand that sometimes there may be Conflicts of Interest within the organization. Our goal is not to exclude you from participating completely but to have full disclosure of what those conflicts may be. Thank you for answering honestly.

I have a direct or indirect interest with a company providing goods or services that may benefit the school.

Details:

I am on the Board for a similarly aligned organization or competitor and I may be soliciting from the same pool of donors for both organizations.

Details:

I am a parent of a currently enrolled child or a child who will be enrolled next year.

Other possible Conflicts for which I may recuse myself from voting.

Details:

\_\_\_\_\_  
Signature of Member

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Audit Chair

Date: \_\_\_\_\_