

Iowa River Valley Early Childhood Area Board

Policy on Conflict of Interest for Board Members

Legal Definition of Conflict of Interest: Iowa Code 68B

The Iowa Code defines conflict of interest as a board member as intentional personal benefit for the member and/or their spouse. A conviction on a charge of conflict of interest is a serious misdemeanor.

(This policy is adapted from the IRS model Conflict of Interest policy.)

Article I -- Purpose

1. The purpose of this Board conflict of interest policy is to protect IOWA RIVER VALLEY EARLY CHILDHOOD AREA's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of IOWA RIVER VALLEY EARLY CHILDHOOD AREA 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 nonprofit and charitable organizations.
3. This policy is also intended to identify "independent" directors.

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 IOWA RIVER VALLEY EARLY CHILDHOOD AREA has a transaction or arrangement,
 - b. A compensation arrangement with IOWA RIVER VALLEY EARLY CHILDHOOD AREA or with any entity or individual with which IOWA RIVER VALLEY EARLY CHILDHOOD AREA has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which IOWA RIVER VALLEY EARLY CHILDHOOD AREA 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 or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

3. **Independent Director** -- A director 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 or, until such definition is available, the director --
 - a. is not, and has not been for a period of at least three years, an employee of IOWA RIVER VALLEY EARLY CHILDHOOD AREA or any entity in which IOWA RIVER VALLEY EARLY CHILDHOOD AREA has a financial interest;
 - b. does not directly or indirectly have a significant business relationship with IOWA RIVER VALLEY EARLY CHILDHOOD AREA, which might affect independence in decision-making;
 - c. is not employed as an executive of another corporation where any of IOWA RIVER VALLEY EARLY CHILDHOOD AREA'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 IOWA RIVER VALLEY EARLY CHILDHOOD AREA or who holds a position that has a significant financial relationship with IOWA RIVER VALLEY EARLY CHILDHOOD AREA.

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 Board or Executive Committee.
2. **Recusal of Self** – Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director 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/she shall leave the Board or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.
4. **Procedures for Addressing the Conflict of Interest**
 - a. An interested person may make a presentation at the Board or Executive Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The Chairperson of the Board or Executive 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 Board or Executive Committee shall determine whether IOWA RIVER VALLEY EARLY CHILDHOOD AREA 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 or Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in IOWA RIVER VALLEY EARLY CHILDHOOD AREA's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

5. Violations of the Conflicts of Interest Policy

- a. If the Board or Executive 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 Board or Executive 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 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 Board's or Executive 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 Board who receives compensation, directly or indirectly, from IOWA RIVER VALLEY EARLY CHILDHOOD AREA 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 IOWA RIVER VALLEY EARLY CHILDHOOD AREA for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from IOWA RIVER VALLEY EARLY CHILDHOOD AREA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI – Annual Statements

1. Each director, principal officer and member of a committee with Board delegated powers shall annually 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 IOWA RIVER VALLEY EARLY CHILDHOOD AREA 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. Each voting member of the Board shall annually sign a statement which declares whether such person is an independent director.
3. If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
4. The Executive Committee 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 VII – Periodic Reviews

To ensure IOWA RIVER VALLEY EARLY CHILDHOOD AREA 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 (if reasonably available), and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to IOWA RIVER VALLEY EARLY CHILDHOOD AREA'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.
- c. The Conflicts of Interest policy will be reviewed by members at the first board meeting each fiscal year. The board member will agree each year as evidenced by signature on the "Conflict of Interest Statement".
- d. A new board member will be advised of the policy upon becoming a member of the Community Empowerment Area board and agree as evidenced by signature on the "Conflict of Interest Statement".

Article VIII – Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, IOWA RIVER VALLEY EARLY CHILDHOOD AREA 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.

**Iowa River Valley Early Childhood Area Board
Conflict of Interest Statement**

1. Name: _____

Date: _____

2. Position: Board Member

Are you a voting Director? Yes No

Are you an Officer? Yes No

If you are an Officer, which Officer position do you hold: _____.

3. I affirm the following:

- I have received a copy of the IOWA RIVER VALLEY EARLY CHILDHOOD AREA Conflict of Interest Policy. _____ (initial)
- I have read and understand the policy. _____ (initial)
- I agree to comply with the policy. _____ (initial)
- I understand that IOWA RIVER VALLEY EARLY CHILDHOOD AREA is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax-exempt purposes. _____ (initial)

4. Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with IOWA RIVER VALLEY EARLY CHILDHOOD AREA? Yes No

i. If yes, please describe it:

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with IOWA RIVER VALLEY EARLY CHILDHOOD AREA? Yes No

i. If yes, please describe it, including when (approximately): _____

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

5. Are there any possible and/or perceived conflicts with any of the agencies that currently serve the Iowa River Valley Early Childhood Board? Yes No

i. If yes, please describe the possible and/or perceived conflicts:

Board Member Signature

IRVECA Board Chair