Board Member Conflicts of Interest Policy & Procedure

1) **Purpose:** The purpose of this conflict of interest policy is to protect the Denver Language School's interests when entering into transactions or arrangements that could benefit the private interests of an officer or director of the Organization or could result in a possible excess benefit transaction. 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.

In order to garner trust and public confidence in the Board, and to prevent the use of a public office for private gain, the Board shall not contract with Board members following the Board Conflicts of Interest Policy and Procedure.

A director may not serve simultaneously on the Board and as a member of the administration, faculty, or staff of the school.

2) **Definitions:**
   a. **Interested Person:** Any director, Principal, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an Interested Person.
   b. **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
      i. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;
      ii. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement; or
      iii. 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.
   c. **Compensation:** Is defined to include any direct or indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest does not necessarily present a conflict of interest. Under **Procedures, Section 2:** b., a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

3) **Procedures:**
   a. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of any financial interest that may qualify as presenting a conflict of interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement. Board members shall disclose any known or potential conflicts of interest in writing to the Board prior to the time set for voting on any such transaction and shall not vote on the matter to which their conflict of interest pertains or attempt to influence the decisions of any Board members in voting on that matter. The
written disclosures of the Board member with the actual or potential conflict of interest will be attached to the minutes of the meeting in which Board action occurred relating to the matter disclosed.

b. **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 committee meeting while it is decided whether a conflict of interest exists and the matter is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

c. **Procedures for Addressing the Conflict of Interest.**
   i. An Interested Person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion and vote pertaining to the transaction or arrangement involving the actual or potential conflict of interest.
   ii. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
   iii. After exercising due diligence, the 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.
   iv. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the 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.
   v. In the event a director believes that he or she has a conflict of interest, the director shall refrain from participating in the matter to which the conflict relates.
   vi. A director shall resign from the board for (6 months) before applying for a position in the school in order to avoid any conflict of interest

d. **Violations of the Conflicts of Interest Policy**
   i. If the 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.
   ii. If, after hearing the member’s response and after making further investigation as warranted by the circumstances, the 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.

4) **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 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.

5) **Compensation.**
   a. A voting member of the 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 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.

6) **Annual Statements.** Each director, Principal officer and member of a committee with Board-delegated powers shall annually sign a statement which affirms that 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.

7) **Periodic Reviews.** To ensure the Organization operates in a manner consistent with its 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.

Approved 11/14/2017

______________________________
Print Name

______________________________
Signature

______________________________
Date