Conflict of Interest Policy

Purpose

This board conflict of interest policy is to protect Phelps County Dream Center's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or board member of Phelps County Dream Center or influence the way members carry out their responsibilities. This policy is intended to supplement, but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable Phelps County Dream Centers

Definitions

1. *Interested person* - Any board member, principal officer, or member of a committee with governing board delegated powers who has a direct or indirect financial interest as defined below.
2. *Financial interest* - A person has a financial interest if the person, directly or indirectly, has through business, investment, or family:

- An ownership or investment interest in any entity with which Phelps County Dream Center has a transaction or arrangement
- A compensation arrangement with Phelps County Dream Center or with any entity or individual with which Phelps County Dream Center has a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- A potential ownership or investment interest in or compensation with any entity or individual with which Phelps County Dream Center is negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict or duality of interest only if the board decides that a conflict of interest exists in accordance with this policy.

3. Independent board member - A board 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 (2023):

- The member wasn’t compensated as an officer or other employee of the Phelps County Dream Center.
- The member didn’t receive total compensation exceeding $10,000 during the Phelps County Dream Center’s tax year (including a short year, regardless of whether such compensation is reported in Part VII) from the Phelps County Dream Center and related organizations as an independent contractor, other than reasonable compensation.
- Neither the member, nor any family member of the member, was involved in a transaction with the Phelps County Dream Center (whether directly or indirectly through affiliation with another organization) that is required to be reported on Schedule L (Form 990) for the Phelps County Dream Center’s tax year.
- Neither the member, nor any family member of the member, was involved in a transaction with a taxable or tax-exempt related organization (whether directly or indirectly through affiliation with another organization) of a type and amount that would be reportable on Schedule L (Form 990) if required to be filed by the related Phelps County Dream Center.

4. Non-Financial interest - A non-financial interest is one that might influence an officer’s, board member’s, or committee member’s participation or vote on a matter of decision:

- The person’s relationship as an unpaid volunteer, officer, or board member of Phelps County Dream Center that may be affected, directly or indirectly, by action or lack thereof by Phelps County Dream Center.
- Personal relationships which may be affected by an action to be taken or not taken by Phelps County Dream Center.

Duty to Disclose

In connection with any possible conflict or duality of interest, an interested person must disclose the existence of financial or non-financial interest and be given the opportunity to disclose all material facts to the board.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, all material facts will be disclosed and reviewed including discussion with the interested person. Upon request by a board member, the material facts of a non-financial interest will be reviewed including discussion with the interested party.

Then the potentially conflicted Member shall leave the board meeting with the determination of a conflict of interest is discussed and voted upon. The remaining board members shall decide if a conflict of interest exists.

Recusal of Self

Any board member may recuse himself or herself at any time from involvement in any decision or discussion in which the board 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.

Procedures for Addressing the Conflict of Interest

● An interested person may make a presentation at the board meeting, but after the presentation, he or she shall leave the meeting during the discussion of and the vote on the transaction, arrangement, or other matter involving the possible conflict of interest.
● The Chairperson of the board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
● After exercising due diligence, the board shall determine whether Phelps County Dream Center can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a financial conflict of interest.
● If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a financial conflict of interest, the board shall determine by a majority vote of the disinterested board members whether the transaction or arrangement is in Phelps County Dream Center'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.

Violations of the Conflicts of Interest Policy

If the board 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. 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 possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

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

● 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 decision as to whether a conflict of interest in fact existed.
● 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.

Compensation

A voting member of the board who receives compensation, directly or indirectly, from Phelps County Dram Center for services is precluded from voting on matters pertaining to that member's compensation. No voting member of the board who receives compensation, directly or indirectly, from Phelps County Dream Center either individually or collectively, is prohibited from providing information regarding compensation.