

# Bluefields Environmental Protection Association Inc.

which also trades as BEPA, a nonprofit organization  
726 North Washington Street, Alexandria, VA 22314, USA  
BEPA@bluefieldsvillas.com

## CONFLICT OF INTEREST POLICY

for BEPA Directors, BEPA Officers, and Members of BEPA Committees with Board-Delegated Powers

### Article I -- PURPOSE

1. The purpose of this Board conflict of interest policy is to protect BEPA's interests when it enters into transactions or arrangements that might benefit the private interests of an officer or director.
2. This policy is intended to supplement, but not replace, Virginia 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 BEPA has a transaction or arrangement,
  - b. A compensation arrangement with BEPA or with any entity or individual with which BEPA has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which BEPA is negotiating a transaction or arrangement.
3. **Compensation** -- 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.
  - a. **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:
    - i. The individual received no compensation as an officer or other employee of the organization, or a related organization. It should be noted that there is a religious exception to this criteria.
    - ii. Total compensation or other payments from the organization and any related organizations as an independent contractor did not exceed \$10,000. Reimbursement of reasonable expenses under an accountable plan, and reasonable compensation for services provided in the capacity as a member of the board, are not included in the \$10,000. This requirement is also the same as previously noted.
    - iii. The final criterion requires that neither a member, nor any family member of a member, was involved in a transaction with the organization that is required to be reported on Schedule L, Transactions with Interested Persons. This not only includes direct transactions, but also indirect transactions through affiliation with another organization.

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## 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. **Suspicion of an Undisclosed Violation of the Conflicts of Interest Policy** -- 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.
3. **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.
4. **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.
5. **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 BEPA 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 BEPA'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.

## Article IV – RECORDS OF PROCEEDINGS

1. The minutes of Board meetings 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.

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## **Article V – COMPENSATION**

1. A voting member of the Board who receives compensation, directly or indirectly, from BEPA for services is precluded from voting on matters pertaining to that member's 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 that BEPA is charitable and therefore 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**

1. To ensure that BEPA 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 address whether compensation paid to contractors or consultants is reasonable, based on competent survey information.

Policy initially adopted: 18 August 2011

Policy revised: N/A

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## Director and Officer Annual Conflict of Interest Statement

1. Name: \_\_\_\_\_ Date: \_\_\_\_\_

2. Position:

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 BEPA Conflict of Interest Policy. \_\_\_\_\_ (initial)

I have read and understand the policy. \_\_\_\_\_ (initial)

I agree to comply with the policy. \_\_\_\_\_ (initial)

I understand that BEPA 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 BEPA?    Yes    No

i. If yes, please describe it: \_\_\_\_\_

ii. If yes, has the financial interest been disclosed?    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 BEPA?    Yes    No

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

ii. If yes, has the financial interest been disclosed?    Yes    No

5. Are you an independent director, as defined in the Conflict of Interest policy?    Yes    No

a. If you are not independent, why? \_\_\_\_\_

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

Signature of Director: \_\_\_\_\_

Date of Review by Executive Committee: \_\_\_\_\_