	Compliance Department Code of Ethics and Conflict of Interest Policy	Issued:	Approved By:
		10/2/2023	CEO, Compliance Director
		Last Reviewed/Update Date:	Approval Date:
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CODE OF ETHICS & CONFLICT OF INTEREST POLICY

Variety Child Learning Center (“VCLC”) expects employees to demonstrate the highest standards of professionalism and ethical conduct, and to comply with all applicable laws including Not-for-Profit Corporation Law §715-A, 18 NYCRR SubPart 521-1, Article 89, and VCLC’s Standards of Conduct.

This policy is intended to:

- establish VCLC’s Code of Ethics as it relates to the applicable laws in this policy.
- increase awareness of potential Conflicts of Interest and Less-Than-Arm’s Length (LTAL) transactions and establish a procedure for reporting them.

DEFINITIONS

Affected Individuals means all persons who are affected by VCLC’s “risk areas,” including our employees, the chief executive officer and other senior administrators, managers, subcontractors, independent contractors, volunteers, and governing body (Board of Trustees).

Affiliate of VCLC means any entity controlled by, in control of, or under common control with VCLC.

Related Party means (i) any Affected Individuals or any Affiliate of VCLC; (ii) any relative of Affected Individuals or any Affiliate of VCLC; or (iii) any entity in which any individual described in clauses (i) and (ii) has a thirty-five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).

Related Party Transaction means any transaction, agreement, or any other arrangement in which a Related Party has a financial interest and in which VCLC or any Affiliate of VCLC is a participant.

POLICY


Employees should always act in the best interest of VCLC and not permit outside interests to interfere with their job duties. The best way to handle conflicts of interests is to avoid them entirely.

All Affected Individuals and Affiliate of VCLC shall complete, sign, and submit to the compliance director of VCLC the Conflict of Interest and Less-Than-Arm’s Length (LTAL) Disclosure Statement attached hereto.

A **Conflict of Interest** exists when a person or organization in a position of trust has a competing professional or personal interest thereby creating a circumstance where the person’s or organization’s judgment is improperly influenced. Conflicts of interest may arise in the relations of directors, officers, and management employees, family members, friends, and other employees, firms supplying goods and services or leased property and equipment.

A **Less-Than-Arm’s Length** (LTAL) transaction occurs when one party to the transaction can exercise control or significantly influence the other. Such transactions include, but are not limited to, those between divisions of an organization; organizations under common control through common officers, directors, or members; and an organization and a director, trustee, officer, key employee of the institution or immediate family members, either directly or through corporations, trusts, or similar arrangements in which a controlling interest is held.

No Related Party of the Variety Child Learning Center (VCLC) shall enter into any Related Party Transaction unless the transaction is determined by the Board of Trustees (the “Board”) or an authorized committee thereof to be fair, reasonable and in the best interest of VCLC and any affiliate of VCLC. Each Related Party shall disclose in good faith to

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the Board or an authorized committee thereof the material facts concerning any interest in a Related Party Transaction. Any person that has a potential Conflict of Interest or LTAL relationship shall refrain from participation in any deliberation or voting on such potential Conflict of Interest and/or LTAL transaction.

If you have a question about whether a situation is a potential conflict of interest or LTAL transaction, please contact the Compliance Director at compliance@vclc.org or (516) 921-7171 ext. 2115.

In addition to the foregoing, each trustee, officer, and staff member shall refrain from obtaining any list of VCLC's clients for personal or private solicitation purposes.

Documentation Requirement

The existence and resolution of the conflict and/or LTAL transaction must be documented in VCLC's corporation's records, including in the minutes of any meeting at which the conflict and/or LTAL transaction was discussed or voted upon.

Reporting to Regulatory Agencies

Disclose all LTAL relationships and transactions in the Consolidated Fiscal Report (CFR) to NYSED.

List of Examples, not an exhaustive list, of Potential Conflict of Interests and LTAL Transactions


1. Nepotism is favoritism granted to relatives or friends regardless of merit. Cronyism is partiality to long-standing friends, especially by appointing them to positions of authority regardless of their qualifications. While nepotism and cronyism are detrimental, business relationships with relatives or friends do not necessarily result in cronyism or nepotism.
2. Favors and Gifts
Employees should make business decisions in the best interests of VCLC. VCLC prohibits employees from seeking or accepting any gifts, favors, entertainment, payment, or loans for themselves or their family members from any vendor, contractor or other party doing business with VCLC, except for gifts of less than \$50.

VCLC also prohibits employees from giving any gifts or favors to any client, vendor, contractor or other party doing business with VCLC without prior approval from a supervisor. Cash gifts should never be made.
3. Common related party transactions:
 - Services received or furnished (e.g., accounting, management, legal services and therapy/medical).
 - Purchase or subcontracting for the provision of a service, including health-related services (i.e., speech therapy, physical therapy, occupational therapy, etc.) as prescribed in a student's individualized education program (IEP).
 - Lease of real property or equipment.
 - Borrowings and lendings.

Reporting Procedure for Conflict of Interest and LTAL Disclosures and Ethical Misconduct

If you become aware of any potential conflict of interest, LTAL, or ethical concern regarding your employment or another employee at VCLC, you must promptly speak to, write, or otherwise contact your direct supervisor.

If the conduct involves your direct supervisor, promptly speak to, write, or otherwise contact the compliance director at compliance@vclc.org or (516) 921-7171 ext. 2115. You should be as detailed as possible. VCLC will investigate all

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concerns related to this policy. VCLC will determine whether a conflict of interest and/or LTAL or violation of code of ethics exists and what action should be taken.

Handling of Conflict of Interest and LTAL Disclosures and Ethical Misconduct

The compliance director shall provide a copy of all completed Conflict of Interest statements to the chairperson of the Finance and Audit Committee, or, if there is no Finance and Audit Committee, to the chairperson of the Board of Trustees.

The chairperson of the Finance and Audit Committee and, if there is no Finance and Audit Committee, the chairperson of the Board of Trustees ("the Board") shall disclose any Related Party Transaction to the Board or an authorized committee thereof. The Board or an authorized committee thereof shall determine whether a conflict of interest exists.

If a governing member of VCLC discloses a conflict of interest or LTAL, they must recuse themselves from the meeting of such conflict or LTAL.

If the Board or an authorized committee thereof determines that no conflict of interest exists, the Board or an authorized committee thereof must document in writing the basis for its approval, including its consideration of alternative transactions. The existence and resolution of the conflict shall be documented in VCLC's records, including in the minutes of any meeting at which the conflict was discussed or voted upon.


Documentation of the existence and resolution of the conflict be documented in the corporation's records, including in the minutes of any meeting at which the conflict was discussed or voted upon.

No Retaliation

VCLC prohibits any form of discipline, reprisal, intimidation, or retaliation for reporting a potential conflict of interest and/or LTAL transaction or violation of this policy or cooperating in related investigations.

Violations

Violations of this policy may result in discipline, up to and including termination of employment. VCLC may consider an employee's job performance, prior violation of work rules, and other relevant circumstances in determining the appropriate corrective action (if any), including whether to counsel, warn, suspend, or discharge an employee.

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CONFLICT OF INTEREST AND LESS-THAN-ARM'S LENGTH DISCLOSURE STATEMENT

1. Did **you**, in a private capacity, provide consulting, advisory or outreach services to an entity or persons outside the company that might, in your good faith judgment, present or appear to present a conflict of commitment with your company obligations (especially within the past twelve (12) months)? ☐ **Yes** ☐ **No**

2. Did any of your immediate family members have an employment, consulting, or other financial relationship with (especially within the past twelve (12) months):

a) A company that does business with VCLC? ☐ **Yes** ☐ **No**

b) An outside organization contributing gift funds to VCCL that are under your control or of direct benefit to your work activities? ☐ **Yes** ☐ **No**

3. Did you or any members of your immediate family, acquired "significant financial interests*" (especially within the past twelve (12) months):

a) That directly affect or reasonably appear to affect your work or company business; or

b) In entities whose financial interests directly or reasonably appear to affect your work or company business.

☐ **Yes** ☐ **No**

***Significant financial interests:** Financial interests valued at thirty-five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%) in excess of \$5,000 or which equal or exceed 5% ownership (i.e., as the actual or beneficial owner of more than five percent (5%) of controlling interest), for any one enterprise or entity when aggregated for you and your immediate family.

If you have answered "yes" to any of the above questions, please attach a statement identifying the entity or entities involved and a description of the relevant activities. Please describe any other relationships, commitments, or activities that you or any members of your immediate family have that might present or reasonably appear to present a financial conflict of interest in your employment with VCLC.

NOTE: This form must be updated and submitted to Human Resources within 60 days of any change in the status of financial interests (i.e. when financial interests in an entity increase to the \$5,000/5% threshold) as well as provide an update annually.

CERTIFICATION

In signing and submitting this form, I certify that the above information is true to the best of my knowledge, and that I am in compliance, to the best of my knowledge, with federal law, state law and all company policies related to conflicts of interest and LTAL.

Signature: _____

Date: _____