



WRSC

West River Sailing Club
Galesville, Maryland

West River Sailing Club

Conflict of Interest Policy

September 2009

Article I

1. Purpose

The purpose of the conflict of interest policy is to protect the interests of West River Sailing Club (WRSC) when consideration is being given to entering into a transaction or arrangement that might benefit the private interest of an officer or director of WRSC or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to not for profit organizations.

Article II

Definitions

1. Interested Person

Any director, principal officer, member of a committee with Executive Board delegated powers, or club member 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 that person has directly or indirectly through business, investment or immediate family:

- a. An ownership or investment in any entity with which WRSC has a financial transaction or arrangement,
- b. A compensation arrangement with WRSC or with any entity or individual with which WRSC has a transaction or arrangement, or
- c. A potential ownership or investment interest in or compensation arrangement with any entity or individual with which WRSC is negotiating a transaction or arrangement.
- d. 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. Under Article III, Section 2 below, a person who has a financial interest may have a conflict of interest only if the Executive Board decides that a conflict of interest exists.

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 Executive Board considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

The Executive Board shall consider allegations of conflict of interest. Allegations may be presented from any source, known or unknown. The Executive Board shall collect and review all material facts and interview all appropriate parties involved.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation to the Executive Board, but after the presentation has been completed, he/she shall leave the Executive Board meeting during the discussion of and the vote on the transaction or arrangement involving the possible conflict of interest.

b. The Commodore shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Executive Board shall determine whether WRSC 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, disinterested Executive Board members shall determine by a majority vote whether the transaction or arrangement is in the best interest of WRSC, is for WRSC benefit, and whether it is fair and reasonable. In conformity with the above determination, the Executive Board shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

a. If the Executive 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.

b. If the Executive Board determines that the member has failed to disclose an actual or possible conflict of interest after hearing the member's response and after making further investigation as warranted by the circumstances, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

1. The minutes of the Executive Board 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 decision of the Executive Board 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

1. A voting member of the Executive Board who receives compensation, directly or indirectly, from WRSC for services is precluded from voting on matters pertaining to the compensation of that member.

2. A voting member of any committee whose jurisdiction includes compensation matters and who received compensation, directly or indirectly, from WRSC for services is precluded from voting on matters pertaining to the compensation of that member.

3. No voting member of the Executive Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from WRSC either individually or collectively is prohibited from providing information to any committee regarding compensation.

Article VI

Periodic Reviews

1. To ensure that WRSC operates in a manner consistent with not for profit purposes and does not engage in activities that could jeopardize its tax exempt status, periodic reviews may be conducted, if needed. The periodic reviews shall at a minimum include the following subjects, if applicable:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the results of arm's length bargaining.
- b. Whether partnerships, joint ventures and arrangements with management organizations conform to the written policies of WRSC, are properly recorded, reflect reasonable investment or payments for goods and services, and do not result in impermissible private benefit or in an excess benefit transaction.

Article VII

Use of Outside Experts

1. When conducting the periodic reviews as provided for in Article VI above, WRSC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Executive Board of its responsibility for ensuring periodic reviews are conducted.

2. Other Information

Statutes

The following states have adopted legislation satisfying the requirements of section 508(e) relating to private foundation governing instruments. Information derived from Revenue Ruling 75-38, 1975-1 C.B. 161.

Maryland – except where otherwise provided by a court of competent jurisdiction.