



# **Nereid Boat Club**

## **Rutherford, New Jersey**

### ***Policy & Procedure***

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Directors	Topic: Conflict of Interest
Effective Date: April 1, 2010	Revised: August 13, 2012

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#### **Introduction**

Any potential conflict of interest which could result in a direct or indirect financial or personal benefit to a director, officer or management staff member must be disclosed in good faith or known to the Board of Directors or committee authorizing a contract or other transaction. The purpose of such a conflict of interest policy is to protect the interest of the tax-exempt corporation, Nereid Boat Club, Inc. (the Corporation), when it is entering into a transaction or arrangement that might benefit the private interest of one of the above-mentioned persons.

#### **Policy**

No board member, officer or senior management staff member shall knowingly use his/her position, or knowledge gained therefrom, in such a manner that it causes a conflict between the interest of the Corporation and his/her personal interest.

Board members, officers and other senior management staff members shall furnish annually a signed statement certifying that they have received, read understood and agreed to comply with this policy, disclosing any possible or apparent conflicts of interest and confirming their understanding that the Corporation is qualified as a 501(C)3 tax exempt organization which, in order to

maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax exempt purposes.

### **Definitions**

A **business transaction** refers to any sale, purchase, contract, lease, license, settlement, loan or agreement to which the Corporation is a party or beneficiary.

A **conflict of interest** can be considered to exist in any instance where the actions or activities of an individual on behalf of the institution also involve the obtaining of an improper gain or advantage or an adverse effect on the institution's interests.

An **interested person** is any director, officer or member of a committee with board delegated powers, who has a direct or indirect financial interest in a transaction entered into by the Corporation.

A person has a **financial interest** if s/he has, directly or indirectly, through business, investment or family:

- a) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or
- b) a compensation arrangement with the Corporation or with an entity or individual with which the Corporation has a transaction or arrangement, or
- c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

**Compensation** includes direct and indirect remuneration as well as gifts or favors that are substantial in nature (over \$50 in value). If a gift or favor is greater than \$50 in value, the President or a director should be informed.

**Senior Management Staff Member** includes any employee of the Corporation with duties and responsibilities directly related to the operations of the Corporation, including those in a position to affect decisions as to the purchase or disposal; of property or services, settlement of claims or other business operations. The definition includes, but is not limited to: the administrator,

assistant administrators, department directors, business office manager and staff, program coordinators, and non-board members of Board Committees.

### **Guidelines**

- 1) An interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers as soon as the proposed transaction or arrangement is proposed.
- 2) The interested individual may participate in the information gathering stage of the Board of Directors or committee's discussion but shall retire from the room in which the Board of Directors or committee thereof is meeting and shall not participate in the final deliberation or decision regarding such contract or other transaction. Such interested individual may not vote on such contract or other transaction.
- 3) The minutes of the meeting of the Board of Directors or committee thereof shall reflect:
  - a. that the conflict of interest was disclosed; by whom;
  - b. that the interested trustee, officer or senior management staff member was not present during the final discussion or vote of the Board of Directors or committee thereof;
  - c. whether the Board determined there was, in fact, a conflict of interest.
  - d. that the interested individual abstained from voting.
- 4) All questions as to whether a conflict of interest exists shall be resolved by a vote of the Board of Directors in which the interested individual may not vote
- 5) Each trustee, officer or senior management staff member shall furnish a conflict of interest disclosure statement annually to the Board. The disclosure statements shall be reviewed annually by the Board of Directors or by a committee thereof.
- 6) In determining whether to approve such contract of transaction, disinterested directors shall take into account the restrictions regarding self-dealing or excess benefit transactions.

## **Accepting Things of Value**

- 1) Directors, officers and employees are prohibited from:
  - a. Soliciting for themselves or for a third party (other than Nereid Boat Club itself) anything of value from anyone in return for any business, service or confidential information of the Corporation; and
  - b. Accepting anything of value (other than bona fide salary, wages, fees or other compensation paid in the usual course of business) from anyone in connection with the business of the Corporation, either before or after a transaction is discussed or consummated.
- 2) General Exceptions:

There are a limited number of instances where the Corporation's directors, officers or employees, without risk of corruption or breach of trust, may accept something of reasonable value from someone doing business or seeking to do business with the Corporation. The most common are the business luncheon or the holiday season gift from a customer. These are generally accepted if the gift is based solely on a family or personal relationship existing independent of the business of the Corporation; or the benefit is available to the general public under the same conditions; or the benefit would be paid for by the Corporation as a reasonable business expense if not paid for by another party.

## **Enforcement**

Persons who violate this policy shall be subject to appropriate disciplinary and other action to protect the Corporation's best interests.

## **Periodic Reviews**

As part of the systems of controls for the Corporation, periodic reviews of activities will be conducted by the Directors, under the direction of the President to evaluate whether operations are conducted in a manner consistent with accomplishing the Corporation's tax exempt purposes, do not result in private inurement or impermissible benefit to private individuals, and are in accordance with the Corporation's policy requirements.

**END OF CONFLICT OF INTEREST POLICY**