

# Washtenaw Alano Club (WAC)

## Conflict of Interest Policy<sup>1</sup>

And

## Annual Statement

For Directors and Officers and  
Members of a Committee with Board Delegated Powers

### Article I -- Purpose

1. The purpose of this Board's conflict of interest policy is to protect WAC's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a director of WAC.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.
3. This policy is intended to identify "independent" interested persons.

### Article II -- Definitions

1. **Interested person** -- Any director, committee member or employee of WAC, 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 WAC has a business arrangement,
  - b. A potential ownership or investment interest in any entity or individual with which WAC is negotiating a business arrangement.

"Financial Interest" 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. A person who has a financial

<sup>1</sup> This policy is based on the IRS model Conflict of Interest policy, which is an attachment to Form 1023. It adds information needed to allow WAC to assess director independence in order to answer questions on Form 990.

interest may have a conflict of interest, but only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

### **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. 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.
- 3. 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.
- 4. Procedures for Addressing the Conflict of Interest if a Conflict of Interest is Found**
  - a. An interested person may make a presentation at the Board or Executive Committee meeting disputing the conflict, 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 WAC 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, the Board or Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in WAC'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.

### **5. Violations of the Conflicts of Interest Policy**

- a. If the Board or Executive Committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

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

#### **Article IV - Records of Proceedings**

The minutes of the Board 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.

#### **Article V - Compensation**

- a. A member of the Board who receives compensation, directly or indirectly, from WAC for services is precluded from voting on matters pertaining to that member's compensation.
- b. A member of any committee who receives compensation, directly or indirectly, from WAC is precluded from voting on matters pertaining to that member's compensation.

#### **Article VI – Annual Statements**

1. Each director, committee member or staff person with authority to enter into business agreements 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 the WAC is a non-profit organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
2. If at any time during the year, the information in the annual statement changes materially, the director, committee member or staff person shall disclose such changes and revise the annual disclosure form.

3. 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.

Revision History by the WAC Board

Initial Conflict of Interest policy adopted \_\_\_\_\_

Restated \_\_\_\_\_

**Director and Officer  
Annual Conflict of Interest Statement**

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

2. Position:

Are you an Officer? Yes No

If you are an Officer, which Officer position do you hold:

Are you an employee of WAC? Yes No

Are you a member of a committee with governing board delegated powers? Yes No

3. I affirm the following:

I have received a copy of the WAC Conflict of Interest Policy. \_\_\_\_\_ (initial)

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

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

I understand that WAC is a non-profit organization 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 WAC? Yes No

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

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? 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 WAC? Yes No

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

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

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Signature of director/committee member/staff person

Date

Print Name: \_\_\_\_\_

Date of Review by Executive Committee: