

**MIDWAY SADDLE CLUB**  
(EIN: \_\_\_\_\_)

**CONFLICT OF INTEREST POLICY**

**ARTICLE I**

**Purpose**

The purpose of this conflict of interest policy is to protect the interests of MIDWAY SADDLE CLUB (the “Club”) when it is contemplating entering into a transaction or arrangement that might directly or indirectly benefit the private interest of an individual or entity affiliated with the Club or might result in a possible excess benefit transaction. This policy prohibits excess benefit transactions and requires all Interested Persons to disclose any possible conflict of interest so that it may be reviewed to determine if it is a conflict of interest. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**ARTICLE II**

**Definitions**

1. Code. “Code” means the Internal Revenue Code of 1986, as amended from time to time.
2. Compensation. “Compensation” includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
3. Conflict of Interest. An Interested Person has a “Conflict of Interest” with respect to an effected transaction or a proposed transaction of the Corporation, whether or not the transaction is disclosed as a Possible Conflict of Interest, if to the knowledge of the Interested Person, any of the Interested Person, a member of the Interested Person’s immediate family (including by adoption and half-siblings), or a Related Entity with respect o the Interested Person is a party to the transaction or has a beneficial financial interest in or so closely linked to the transaction and of such financial significance that it would reasonably be expected to exert an influence on the Interested Person’s judgment:
  - a. If the Interested Person has the authority to approve the transaction;
  - b. If the Interested Person provides any meaningful and material input to or for the benefit of any Interested Person who has the authority to approve the transaction; or
  - c. If the Interested Person is a Director, if the Interested Person were called upon to vote on the transaction.

4. Interested Person. Any director, principal officer, or director, Member, or volunteer of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
5. 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 the Club has a transaction or arrangement,
  - b. A compensation arrangement with the Club or with any entity or individual with which the Club 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 Club is negotiating a transaction or arrangement.

A financial interest is not necessarily a Conflict of Interest. Under Article III, Section 2, a person who has a financial interest may have a Conflict of Interest only if the appropriate governing board or committee 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 directors and director or volunteers of committees with governing board delegated powers considering the proposed transaction or arrangement.
2. 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 governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee director or volunteers shall decide if a conflict of interest exists.
3. Procedures for Addressing the Conflict of Interest.
  - a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation he/she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement involving the possible conflict of interest.

- b. The chairperson of the governing board or 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 governing board or committee shall determine the Club 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Club'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.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a director or volunteer has failed to disclose actual or possible conflicts of interest, it shall inform the director or volunteer of the basis for such belief and afford the director or volunteer an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the director or volunteer's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the director or volunteer has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**ARTICLE IV**  
**Record of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

1. 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
2. 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 director or volunteer of the governing board who receives compensation, directly or indirectly, from the Club for services is precluded from voting on matters pertaining to that director or volunteer's compensation.
2. A voting director or volunteer of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Club for services is precluded from voting on matters pertaining to that director or volunteer's compensation.
3. No voting director or volunteer of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Club, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**ARTICLE VI**  
**Annual Statements**

Each director, principal officer and director or volunteer of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the Club is charitable and in order to maintain its federal tax-exempt status it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**ARTICLE VII**  
**Periodic Reviews**

To ensure the Club 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, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Club's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**ARTICLE VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Club may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**MIDWAY SADDLE CLUB**  
(EIN: \_\_\_\_\_)

**Conflict of Interest Policy Acknowledgement and Consent**

[To be read and signed annually]

To: All Members, Officers, Directors, Volunteers and Employees of Midway Saddle Club

I have reviewed the attached Conflict of Interest Policy for Midway Saddle Club, and advise you as follows:

- 1) During my term of service as a director, officer, volunteer or Member of Midway Saddle Club, I agree to disclose to the Board of Directors any personal or financial interest I may have in any matter pending before Midway Saddle Club or in any action taken or to be taken by or on behalf of Midway Saddle Club;
- 2) I understand that Midway Saddle Club is a non-profit corporation and is a public charity pursuant to IRC §501(c)(3) and in order to maintain its federal tax-exempt status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and
- 3) The following is a list of organizations in which I have an interest which will or may engage in transactions with Midway Saddle Club and a list of non-profit organizations of which I am a trustee, director, officer or employee.

If none, write “none.”

Organization

Role

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Date

Signature

Print Name

Affiliation with MIDWAY SADDLE CLUB: \_\_\_\_\_