

Conflict of Interest Policy

Article I -- Purpose

1. The purpose of this conflict-of-interest policy is to protect SBR SBDC's interests when it is contemplating entering a transaction or arrangement that might benefit the private interests of a Club Officer or Committee Member with Board Delegated Powers or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations.

Article II -- Definitions

3. **Interested person** -- Any Board member or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
4. **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 SBR SBDC has a transaction or arrangement,
 - b. A compensation arrangement with SBR SBDC or with any entity or individual with which SBR SBDC has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which SBR SBDC is negotiating a transaction or arrangement.

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. A person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists, in accordance with this policy.

5. **Nonfinancial interest**—is a nonfinancial interest that might influence an officer's or committee member's participation or vote in an action of the officer's or committee member's duties:
 - a. The person's relationship as an unpaid volunteer or officer of an organization that may be affected, directly or indirectly, by action to be taken, or not taken, by SBR SBDC.

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- b. The person's personal, political, religious, friendship, or personal relationships which may be affected by an action to be taken, or not taken, by SBR SBDC.

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 any financial interest and be given the opportunity to disclose all material facts to the Board.
2. **Disclosure of nonfinancial interests.** Board members shall disclose nonfinancial interests generally in their annual statement, and specifically as individual interests arise. Nonfinancial interests are expected and shall not be reviewed unless a Board member (including the affected member) requests that the interest be reviewed under the Conflict-of-Interest Policy.
3. **Recusal of Self** – Any Board member may recuse himself or herself at any time from involvement in any decision or discussion in which the Board member 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.
4. **Determining Whether a Conflict of Interest Exists** -- After disclosure of the financial interest all material facts will be disclosed and reviewed, including discussion with the interested person. Upon request by a Board member the material facts of a nonfinancial interest will be reviewed, including discussion with the interested party. Then the potentially conflicted party shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.
5. **Procedures for Addressing the Conflict of Interest**
 - a. An interested person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction, arrangement, or other matter involving the possible conflict of interest.
 - b. The President 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 shall determine whether SBR SBDC can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a financial conflict of interest.

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- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a financial conflict of interest, the Board shall determine by a majority vote of the disinterested Board members whether the transaction or arrangement is in SBR SBDC'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.

6. Violations of the Conflicts of Interest Policy

- a. If the Board has reasonable cause to believe an Interested Party has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Party of the basis for such belief and afford the Interested Party an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Party's response and after making further investigation as warranted by the circumstances, the Board determines the Interested Party 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 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 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 SBR SBDC for services is precluded from voting on matters pertaining to that member's compensation.

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- b. A member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from SBR SBDC for services is precluded from voting on matters pertaining to that member's compensation.
- c. Any Board member or any committee member whose jurisdiction includes compensation matters, who receives compensation, directly or indirectly, from SBR SBDC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI – Annual Statements

1. Each Board member, committee chairpersons with Board delegated powers 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 SBR SBDC is nonprofit and in order to maintain its federal tax status, 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 Club member shall disclose such changes and revise the annual disclosure form.
3. The Board 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.

Article VII – Periodic Reviews

To ensure SBR SBDC operates in a manner consistent with nonprofit 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:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.

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- b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to SBR SBDC's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further nonprofit purposes and do not result in inurement or 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, SBR SBDC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Revision History by the SBR SBDC Board

Initial Conflict of Interest Policy adopted May 27, 2022