

## **North Jeffco Swim Team Conflict of Interest Policy**

A conflict of interest arises when a person in a position of authority over an organization, such as a director, officer, or manager, may benefit personally from a decision he or she could make. A conflict of interest policy consists of a set of procedures to follow to avoid the possibility that those in positions of authority over an organization may receive an inappropriate benefit. The purpose of this Conflict of Interest Policy is to protect the interests of this tax-exempt organization ("NJST") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of NJST or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal conflict of interest laws which are applicable to nonprofit and charitable organizations.

Any director, officer, or member of a committee with Board of Director delegated powers ("Committee"), who has a direct or indirect financial interest, as defined below, is an "interested person." 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 NJST has a transaction or arrangement; (b) a compensation arrangement with NJST or with any entity or individual with which NJST has a transaction or arrangement; or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NJST 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. As set forth below, a person who has a financial interest may have a conflict of interest only if the Board of Directors ("Board") or Committee, as applicable, decides that a conflict of interest exists.

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 Committee, as applicable, considering the proposed transaction or arrangement. 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 Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall decide if a conflict of interest exists.

An interested person may make a presentation at the Board or Committee meeting 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. The chairperson of the Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the Board or Committee shall determine whether NJST 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. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in NJST'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.

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

The minutes of the Board or Committee, as applicable, shall contain: (a) the names of the interested person who disclosed or otherwise was 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 Committee's decision as to whether a conflict of interest in fact existed; and (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.

A voting member of the Board who receives compensation, directly or indirectly, from NJST for services is precluded from voting on matters pertaining to that member's compensation. A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NJST for services is precluded from voting on matters pertaining to that member's compensation. No voting member of the Board or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NJST, either individually or collectively, is prohibited from providing information to the Board or any Committee regarding compensation.

Each director, officer and member of a Committee shall sign a statement annually which affirms that such person: (a) has received a copy of this Conflict of Interest Policy; (b) has read and understands the policy; (c) has agreed to comply with the policy; and (d) understands that NJST is charitable 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.

To ensure NJST 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: (a) whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and (b) whether partnerships, joint ventures, and arrangements with management organizations conform to NJST'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. When conducting such periodic reviews, NJST 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.

*Effective February 10, 2009*