



Plymouth Wayzata Youth Softball Association (PWYSA)

Conflict of Interest Policy

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Page 1 of 7

ARTICLE I

Purpose

1. The purpose of this Board conflict of interest policy is to protect PWYSA's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of PWYSA 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 and charitable organizations.
3. This policy is also intended to identify "independent" directors.

ARTICLE II

Definitions

1. **Interested person** -- Any director, officer, 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.
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 PWYSA has a transaction or arrangement,
 - b. A compensation arrangement with PWYSA or with any entity or individual with which PWYSA has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which PWYSA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial or nonfinancial interest is not necessarily a conflict of interest. A person who has a financial or nonfinancial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists, in accordance with this policy.

3. **Independent Director** -- A director shall be considered “independent” for the purposes of this policy if he or she is “independent” as defined in the instructions for the IRS 990 form or, until such definition is available, the director --
 - a. is not, and has not been for a period of at least three years, an employee of PWYSA or any entity in which PWYSA has a financial interest;
 - b. does not directly or indirectly have a significant business relationship with PWYSA, which might affect independence in decision-making;
 - c. is not employed as an executive of another corporation where any of PWYSA’s executive officers or employees serve on that corporation’s compensation committee; and
 - d. does not have an immediate family member who is an executive officer or employee of PWYSA or who holds a position that has a significant financial relationship with PWYSA.

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

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 or nonfinancial interest and be given the opportunity to disclose all material facts to the Board of Directors.
2. **Disclosure of nonfinancial interests.** Directors 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 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.
4. **Determining Whether a Conflict of Interest Exists** -- After disclosure of the financial or nonfinancial interest all material facts will be disclosed and reviewed, including discussion with the interested person. Then the potentially conflicted Member shall leave the Board of Directors meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Directors 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 of Directors 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 Chairperson of the Board of Directors 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 of Directors shall determine whether PWYSA 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 Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in PWYSA'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 of Directors has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors determines the member 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 or non-financial interest in connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors' 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 voting member of the Board who receives compensation, directly or indirectly, from PWYSA for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from PWYSA for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from PWYSA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI **Annual Statements**

1. Each director, principal officer and member of a committee 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 PWYSA 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.
2. Each voting member of the Board shall annually sign a statement which declares whether such person is an independent director.
 3. If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
 4. PWYSA Officers 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 PWYSA 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 partnerships, joint ventures, and arrangements with management organizations, if any, conform to PWYSA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

**Director and Officer
Conflict of Interest Statement**

1. Name: _____ Date: _____

2. Are you a member in Good Standing? Yes No

3. What organization or other membership affiliation do you represent? _____

4. Position:
Are you a voting Director? Yes No
Are you an Officer? Yes No
If you are an Officer, which Officer position do you hold:
_____.

5. I affirm the following:

I have received a copy of the PWYSA Conflict of Interest Policy. _____ (initial)
I have read and understand the policy. _____ (initial)
I agree to comply with the policy. _____ (initial)
I understand that PWYSA is charitable 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)

6. Disclosures:
 - a. Do you have one or more children playing softball with a non-PWYSA organization or association? Yes No
 - i. If yes, please describe it: _____

 - b. Do you have a financial or nonfinancial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with PWYSA? Yes No
 - i. If yes, please describe it: _____
 - ii. If yes, has the financial or nonfinancial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

 - c. In the past, have you had a financial or nonfinancial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with PWYSA? Yes No
 - i. If yes, please describe it, including when (approximately):

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

7. Are you an independent director, as defined in the Conflict of Interest policy? Yes No

a. If you are not independent, why? _____

Signature of director

Date: _____

Date of Review by Board of Directors: _____