

# Smoky Mountain Amateur Radio Club

## Conflict of Interest Policy

### Article I Purpose

The purpose of the Conflict of Interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or member of the Organization or might result in a possible excess benefit transaction. 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. Interested Person** Any officer or member 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 the Organization has a transaction or arrangement,

**b.** A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.

**d.** Compensation includes direct and indirect remuneration as well as gifts or favors that aren't insubstantial. A financial interest isn't 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 officers decides that a conflict of interest exists.

**e. Excess Benefit Transaction** is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of a disqualified person, and the value of the economic benefit provided by the organization exceeds the value of the consideration received by the organization.

**f. A disqualified person** is any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during the previous five year period. It is not necessary that the person actually exercise substantial influence, only that the person be in a position to do so.

## **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 officers 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 meeting while the determination of a conflict of interest is discussed and voted upon. The remaining officers 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 determining 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.

**b.** The President or designee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

**c.** After exercising due diligence, the person or committee designated in Article III.3.b shall determine whether the Organization 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 isn't reasonably possible under circumstances not producing a conflict of interest, the officers shall determine by a majority vote of the disinterested officers whether the transaction or arrangement is in the Organization 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 Conflict of Interest Policy**

**a.** If an officer 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 officers determine 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 Organization 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 decision of the officers 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 Annual Statements**

Each officer 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 Organization is charitable and to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.