

CONFLICT OF INTEREST

PURPOSE

These policies and procedures are intended to identify situations that might benefit the private interests of a director or member and to manage these situations, in order to protect the club from flawed decisions, financial loss, loss of tax-exempt status¹, and loss of public confidence.

DEFINITIONS

Conflict of Interest: A conflict of interest (COI) arises when a director or member has a personal interest that conflicts with the interests of the GCC. Conflicts of interest can result in inappropriate financial gain, loss of tax-exempt status, flawed club decision-making, or the appearance of a lack of integrity in the club's decision-making process.

Personal interest: The personal interest may be **financial**, when the individual, a family member, or a close associate can benefit financially. This includes gifts and future discounts or credits. Or the personal interest may be **dual loyalties**, such as when a director is also a director or officer of another organization with which the club is conducting business.²

Family member or close associate: Relatives, in-laws, or household members. Also any persons in such a close relationship that the director or member is or appears to be biased.

POLICIES

1. **Self-disclosure:** A director must disclose any personal interest related to current club business.³ A member must disclose any personal interest related to making a financial recommendation, soliciting bids, or a matter referred to the membership for vote.
2. **Request for Disclosure:** During a discussion of club business at any meeting, any member may request that the chair ask if anyone involved has a personal interest.
3. **Determining a Conflict of Interest:** A conflict of interest exists if:
 - a. The personal interest involves financial gain resulting from the club business. OR
 - b. The individual with the personal interest says it is a conflict of interest. OR
 - c. The board, after discussion, votes that the personal interest constitutes a conflict of interest.
4. **Managing the Conflict:** The person with the conflict may not participate in the decision of what action to take, but may act as a resource to provide others with needed information.
5. **Failure to Disclose:** If, after due process,⁴ the board determines that a director or member has failed to disclose a conflict of interest, that person will be declared a Member Not in Good Standing.
6. **Review and Compliance:**
 - a. Annually, the board shall review these COI policies and procedures, and each director shall sign a COI compliance statement.⁵
 - b. Anyone associated with financial business shall be given a copy of these COI policies and procedures and asked to sign a COI compliance statement.

PROCEDURES

1. **Self-Disclosure:**
 - a. **Directors:** When a topic is discussed, as soon as a director realizes that he or she has a personal interest on that topic, the director should disclose all relevant facts.
 - b. **Members:** Members are obliged to disclose personal interests only if making a financial recommendation, soliciting bids, or the membership will discuss and vote on the matter related to the personal interest. In that case, the member should follow the same procedure as directors.

2. **Request for Disclosure:**

- a. **Member:** Stands, says “Point of order” to be recognized by the chair, and then says, “Would you ask if there is a personal interest?”
- b. **Secretary:** Reads aloud the three definitions on page 1.
- c. **Chair:** Says, “Do you, any members of your family or household, or any close associates have a personal interest in this matter. Then calls on each director and any others involved by name and waits for a response.
- d. **Directors and others:** Each person, including the chair, individually responds to the question.

3. **Determining a Conflict of Interest:**

- a. If the personal interest involves financial gain to the individual, a family member, or a close associate, resulting from the club business, it is a conflict of interest. No vote by the board is needed.
- b. If the individual declares that a conflict of interest exists, no vote by the board is needed.
- c. If (a) and (b) do not apply, the board will discuss the situation and vote on whether a conflict of interest exists. After providing information about the personal interest and answering any questions, the individual should leave the meeting for additional discussion and the vote.

4. **Managing the Conflict:**

- a. **Discussion:** A person with a conflict of interest shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting. The person should not participate in discussion, except to disclose essential facts and to answer direct questions. In some cases, the person with the conflict may be asked to leave the room during sensitive discussions so as not to influence the discussion.
- b. **Quorum:** For voting on business related to the conflict of interest, quorum is determined as if the person with the conflict were not a member of the board.⁶ If there is no quorum, this business must be tabled until there is a quorum.
- c. **Voting:** The person with a conflict of interest should not be present during any vote on the matter related to the conflict, unless the vote is by secret ballot.
- d. **Minutes:** Minutes of the meeting shall include the name of the person with the conflict of interest, the nature of the conflict, and the fact that the person was ineligible to vote on the matter. If a request for disclosure was made, the minutes shall include the subject under discussion, the request by the chair, and the response by each director.

5. **Failure to Disclose:**

- a. If the board has reasonable cause to believe a director or member has failed to disclose a conflict of interest, the board will begin the Member Not in Good Standing process.⁴
- b. If the board finds that the director or member did have a conflict of interest based on a financial interest, the individual must be declared a Member Not in Good Standing.
- c. A director who has been declared a Member Not in Good Standing cannot remain a director.⁷

6. **Review and Compliance:**

- a. At the first meeting of the board after the annual directors elections, the board shall together review the Conflict of Interest Policy. Each director shall sign a COI Compliance Statement (Attachment 1).
- b. Whenever someone is appointed to a position associated with club financial business, the member shall be given a printed or electronic copy of this Conflict of Interest policy and shall sign a COI Compliance Statement. This includes members of the Finance and Audit committees; anyone asked to act as a Project Developer, Project Manager or to solicit bids; the Rental Manager; and any member receiving financial compensation from the club.
- c. Directors’ statements are filed for one year and other statements as long as the person is a member.

NOTES:

1. IRS Publication 4221, *Compliance Guide for 501(c)(3) Public Charities*, “What Activities May Jeopardize a Public Charity’s Tax-exempt Status?”
2. ORS 65.361 (4)(b) – called “indirect interest.”
3. ORS 65.361 (2)(a).
4. See Membership Policies and Procedures, Procedure #6.
5. IRS Form 990, Part VI, Section B, #12.
6. ORS 65.361 (5).
7. Bylaws, Article 4, Section 2.

**ATTACHMENT 1
CONFLICT OF INTEREST COMPLIANCE STATEMENT**

The Glide Community Club intends to identify and manage conflicts between the interests of the club and the personal interests of directors and members. This includes personal and business financial interests as well as dual loyalties.

I have read and understand the club's Conflict of Interest Policies and Procedures and I agree to support them.

I understand that the purpose of this policy is to protect
the integrity of the club's decision-making process;
the reputations of the club, its directors and members;
the financial resources of the club;
and the club's tax-exempt status with the IRS.

I understand that conflicts of interest do not mean any wrongdoing has occurred. Individuals' personal interests often overlap with the interests of the club.

I will disclose any personal interests in club business where I (including my business), my family or household, or my close associates will receive a benefit or financial gain. I will also disclose any personal interests involving dual loyalties to the GCC and another organization.

If I or the board determine that my personal interest in club business constitutes a conflict of interest, I will not attempt to influence that business, in or out of the meeting. If the board thinks it is appropriate, I will leave the room where discussion is being held. I understand that I will not be permitted to vote on that business.

I understand that these policies and procedures are meant to support and encourage good judgment. I will respect its spirit as well as its wording.

Signed: _____ Date: _____