

Conflict of Interest Policy

YMCA of High Point

Instructions to the Governance Committee

The decision makers at the YMCA of High Point must make decisions that are in the best interest of the YMCA of High Point, not decisions that, directly or indirectly, further their own interests or the interests of a third party. This is the duty of loyalty owed by the officers and directors and is also one of the requirements of a 501 (c)(3) organization.

When the YMCA of High Point takes an action that benefits a person who has influence at the YMCA of High Point, such as a board member or key employee, a potential conflict of interest arises. For example, a contract with a company owned by a board member, or his/her family member, could create a conflict of interest. It is important that any potential conflicts be disclosed and evaluated to assure that the YMCA is protected.

Part V-A, line 75d of the Form 990 asks whether our organization has a written conflict of interest policy. The YMCA of High Point needs a formal conflict of interest policy. Any potential conflicts should be disclosed by way of a disclosure statement that is evaluated by an independent board committee without participation of the interested party. The independent review, and its conclusion, should be documented in the minutes of the meeting.

YMCA of High Point

Conflict of Interest Policy

Article I

Purpose

The purpose of the conflict of interest policy is to protect the YMCA of High Point's interest when it is contemplating entering into a [transaction or arrangement that might benefit the private interest of an officer or director 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 director, principal 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 (Economic Benefit)

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 YMCA of High Point has a transaction or arrangement,
- b. A compensation arrangement with the YMCA of High Point or with any entity or individual with which the YMCA 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 YMCA of High Point 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.] Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

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 directors and members of committees with governing board delegated powers 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 Association 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.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Association 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.
- b. The chairperson of the Association board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Association Board or committee shall determine whether the YMCA of High Point 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 Association Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the YMCA of High Point'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.

4. Violations of the Conflicts of Interest Policy

a. If the Association Board or committee 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 Association Board or committee 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 Association 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 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 Association Board's or committee'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 voting member of the Association Board who receives compensation, directly or indirectly, from the YMCA of High Point 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 the YMCA of High Point for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the Association Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the YMCA of High Point, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI **Annual Statements**

Each director, principal officer and member of a committee with Association Board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands the YMCA of High Point 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.

Article VII
Periodic Reviews

To ensure the YMCA of High Point 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.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the YMCA of High Point 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.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the YMCA of High Point may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Association board of its responsibility for ensuring periodic reviews are conducted.