

# Northern Lake George Yacht Club

## Conflict of Interest Policy

The Northern Lake George Yacht Club (NLGYC), is a nonprofit, tax-exempt organization. The operations of NLGYC must fulfill all legal requirements. NLGYC depends on the public trust and thus is subject to scrutiny by and accountability to both governmental authorities and members of the public.

There exists between NLGYC and its board, officers, and management employees a fiduciary duty that carries with it a broad duty of loyalty. The board, officers, and management employees have the responsibility of administering the affairs of NLGYC honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of NLGYC. Those persons shall exercise the utmost good faith in all transactions and interactions involved in their duties, and they shall not use their positions with NLGYC or knowledge gained there for their personal benefit. The interests of the organization must have the first priority in all decisions and actions. This Conflict of Interest Policy addresses these issues.

This Policy is directed not only to board members and officers, but to all employees and key persons who can influence the actions of NLGYC. For example, this includes all who make purchasing decisions, all other persons who might be described as "management personnel," and all who have proprietary information concerning NLGYC. A conflict includes competing financial interests but also includes any relationship or barrier that prevents such persons from being impartial and loyal to the nonprofit organization.

### 1. Definitions

"Conflict of interest" is a transaction or arrangement that might benefit the private interest of an officer, board member, or key employee of NLGYC, or relative or related party to such persons. Conflicts of interest can take several forms. Related parties on the board, board members related to employees, certain transactions involving related parties, and dual-capacity individuals all present a conflict of interest. An apparent conflict of interest is also relevant. This is a situation that causes an observer or third party to question whether a board member, director, officer or key person can be objective or impartial because of a competing interest where they may have dual allegiance.

"Key person" means any person who (i) has responsibilities or exercises powers or influence over the corporation as a whole or aspects thereof similar to that of the directors and officers; (ii) manages the corporation, or a segment of the corporation that represents a substantial portion of the activities, assets, income or expenses of the corporation; or (iii) alone or with

others controls or determines a substantial portion of the corporation's capital expenditures or operating budget.

"Relative" of an individual means (i) his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, (ii) the spouses, children, and grandchildren of his or her brothers and sisters; or (iii) the domestic partner (as defined in section twenty-nine hundred ninety-four-a of the public health law) of anyone listed in (i) or (ii) above and his or her children and grandchildren.

"Related party" means (i) any director, officer or key person of the corporation or any affiliate of the corporation; (ii) any relative of any director, officer or key person of the corporation or any affiliate of the corporation; or (iii) any entity in which any individual described in clauses (i) and (ii) of this subparagraph has a thirty-five percent or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.

"Related party transaction" means any transaction, agreement or any other arrangement in which a related party has a financial interest or personal interest and in which the corporation or any affiliate of the corporation is a participant. Limited exceptions to this definition are provided in Section 102(a)(24) of the NYS NPCL.

## 2. Prohibitions/Conflicts of Interest

a. No member of the board of directors or key person shall knowingly take any action or make any statement intended to influence the conduct of NLGYC in such a way as to confer directly or indirectly any financial or other material benefit on such individual, any relative or related party.

b. No member of the board or key person shall accept any gift or gratuity from any supplier of goods or services to NLGYC or from any provider or potential provider of service to NLGYC, other than unconditional gifts of nominal value (e.g. small items such as pens, calendars, notepads, etc.) No gifts of cash or cash equivalents are permitted.

c. No member of the board or key person may use his/her position with NLGYC to further the manufacture, distribution, promotion, or sale of any materials, products or services in which he or she has either direct or indirect financial interest.

d. No member of the board, key person or member shall be granted a loan from the funds of NLGYC, irrespective of the source of the funds.

e. No member of the board, key person or member shall at any time during or after their tenure reveal any confidential information regarding NLGYC activities or membership acquired while serving in such position.

f. No director shall be employed as staff of the corporation until such director has been off the board of directors for at least nine months.

g. No director or key person shall be involved in decisions on personnel matters (compensation, hiring, firing or disciplinary matters) or the granting of discretionary awards involving a relative or related party.

### 3. Procedures for Potential Conflict of Interest

a. Any member of the board or staff, or any member who is aware of an actual or potential conflict of interest with respect to any matter coming before the board, a standing committee or key person, shall disclose such conflict and all material facts to the Commodore, Vice Commodore or Junior Program Director (who in turn shall report to the Commodore or Vice Commodore) as soon as he/she becomes aware of it.

b. The Commodore or Vice Commodore may refer such matter to counsel for an opinion as to whether a conflict exists.

c. The board shall address the matter as appropriate. The person with the conflict of interest may provide relevant information upon request of the board or any committee, but shall not be present at or participate in board or committee deliberation, counted to determine a quorum, or vote on the matter giving rise to such conflict, nor shall such person attempt to influence improperly the deliberation or voting on the matter.

d. The existence and resolution of the conflict must be documented in the corporation's records, including in the minutes of any meeting at which the conflict was discussed or voted upon.

### 4. Related party transactions.

a. Related party transactions may occur, but only upon adherence to the standards and procedures listed below.

b. NLGYC shall not enter into any related party transaction unless the transaction is determined by the board to be fair, reasonable and in the corporation's best interest at the time of such determination.

c. Prior to entering into any such transaction, the board must:  
(1) Consider alternative transactions to the extent available;

(2) Approve the transaction by not less than a majority vote of the directors present at the meeting;

(3) Contemporaneously document in writing the basis for the board or authorized committee's approval, including its consideration of any alternative transactions; and

d. Nothing in this section shall prohibit the board from requesting that a related party present information concerning a related party transaction at a board or committee meeting prior to the deliberations or voting relating thereto.

e. No officer, board member or key person may vote on personnel matters that involve a relative or related party. They may give information relevant to the personnel matter, but shall not be present for either the discussion or deliberation on the matter.

## 5. Board Acknowledgement

Prior to the initial election of any director and annually thereafter, each director shall complete, sign and submit to the secretary of the corporation a written statement identifying, to the best of the director's knowledge, any existing or potential conflict of interest and information relevant to the corporation's tax returns. The secretary shall provide a copy of all completed statements to the chair of the board.

Adopted May 26, 2019