

CONFLICT OF INTEREST POLICY
Adopted by the Board of Directors of the
New York Council, Navy League of the United States, Inc.

Article I

Purpose

The purpose of this conflict of interest policy is to protect the interests of the New York Council, Navy League of the United States, Inc. (the “Council”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or key employee or a member of a committee of the Council (hereinafter called a “covered party”) or might result in a possible excess benefit transaction as defined in Section 4958 of the Internal Revenue Code. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interests applicable to nonprofit and charitable organizations.

Article II

Definitions

1. Interested Person

Any covered party 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 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 Council or with any entity or individual with which the Council has a transaction or arrangement;
- b. A compensation arrangement with the Council or with any entity or individual with which the Council 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 Council is negotiating a transaction or arrangement.

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

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2 hereof, 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 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, the interested person shall leave the governing 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. The interested person shall in no way, at any time, attempt to influence the deliberations of the governing board or committee regarding any such potential conflict of interest.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, the interested person 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 governing 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 governing board or committee shall determine whether the Council 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 reasonable possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Council's best interest 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 the governing board or committee has reasonable cause to believe a covered party has failed to disclose actual or possible conflicts of interest, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the covered party's response and after making further investigation as warranted by the circumstances, the governing 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, which may include removal by the board.

Article IV

Records of Proceedings

The minutes of the governing 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 governing 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 governing board who receives compensation, directly or indirectly, from the Council 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 Council for services is precluded from voting on matters pertaining to that member's compensation.

Article VI

Annual Statements and New Directors

Each covered party shall 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,
- d. Understands the Council 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, and

- e. Prior to the initial election of any director, and annually thereafter, directors must complete, sign and submit a written statement identifying any potential conflict of interest.

Article VII

Periodic Review

To ensure the Council operates in a manner consistent with charitable purposes and does not engage in activity that could jeopardize its tax-exempt status, periodic review shall be conducted. The periodic review 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 outside organizations conform to the Council's 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 review as provided for in Article VII, the Council may, but need not, use outside experts. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article IX

Related Party Transactions

A "related party transaction" is defined as any transaction, agreement or other arrangement in which a related party has a financial interest and in which the Council or any affiliate of the Council is a participant. A "related party" is defined as (1) any director, officer or key employee of the corporation or any affiliate of the corporation; (2) any relative of any director, officer or key employee of the corporation or any affiliate of the corporation; or (3) any entity in which any individual described in (1) or (2) has a 35 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 5 percent.

All actual or possible related party transactions shall be deemed to be one where an interested party has a financial interest and they shall be disclosed and addressed in the same manner and with the same restrictions as conflicts of interest outlined above, to the extent applicable and appropriate.

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- 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;
- D. understands the Council is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes; and
- E. prior to the initial election of any director, and annually thereafter, directors must complete, sign and submit a written statement identifying potential conflicts of interest.

By signing below, I hereby represent that I have read, understand and agree to be bound by the provisions of the New York Council, Navy League of the United States Conflict of Interest Policy.

Signed by: _____

Print name: _____

Date: _____

PLEASE RETURN A DIGITAL COPY OF YOUR SIGNED FORM TO
info@nynavyleague.org OR BRING A HARD COPY TO THE NEXT BOARD MEETING