

	<b>POLICY &amp; PROCEDURE</b>	<b>POLICY NUMBER:</b> 720
	<b>Subject:</b> <b>CONFLICT OF INTEREST</b>	<b>EFFECTIVE DATE:</b> <b>04/09/2011</b>

## I. Purpose

- A. Arizona Swimming, Inc. is defined as the non-profit local swimming committee of USA Swimming governing body with business procedures, hierarchy and directives outlined in the most recent, authorized Arizona Swimming bylaws, and as such

## II. Definitions

### Interested Person(s)

- A. Any member of the AzSI Board or Directors, any of its Committees, Employees or Staff who has a direct or indirect Financial Interest in or through business, investment or family shall be considered an Interested Person.
1. Direct or indirect Financial Interest is
    - a. ownership or investment in any entity with which the AzSI has a transaction or arrangement, or
    - b. a compensation arrangement (ie employee or independent contractor) with AzSI, Member Club or with any entity or individual with which AzSI has or will have a relationship, transaction or arrangement, or
    - c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which AzSI is negotiating a transaction or arrangement.

## III. Procedures

### Duty to Disclose

- A. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of a Financial Interest and be given the opportunity to disclose all material facts to the directors or members of committees with whom it is considering the proposed transaction or arrangement.

### Determination if Conflict of Interest Exists

- A. A member of the Board or a committee may declare the existence of a conflict of interest and reclude him/herself from discussion of the proposed transaction or arrangement and any and all votes, or
- B. 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 a determination of a Conflict of Interest is discussed and voted upon by the remaining board or committee members deciding if a conflict exists.

### Procedure for Addressing the Conflict of Interest

- A. An Interested Person may make a presentation at the board or committee meeting, but, unless requested to stay by a majority of the members, 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 board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement for which there is a conflict of interest.
- C. After exercising due diligence, the Board or committee shall determine whether AzSI 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization'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.

#### **IV. Annual Statements**

Each director, principal officer and member of a committee 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 AzSI 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.

#### **V. Periodic Reviews**

To ensure AzSI operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews of its compliance with this policy shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. Whether compensation arrangements and benefits for AzSI employees and independent contractors are reasonable, based on survey information, and the result of arm's length bargaining.
- B. Whether partnerships, joint ventures, and arrangements with management organizations conform to AzSI'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.
- C. Prior to each meeting the Chair of such meeting shall inquire of all Interested Persons if there are other items of conflict that should be disclosed prior to discussion and voting of item on the current agenda. Secretary for the committee meeting shall make a record of any additional such Financial Interest disclosures.

#### **VI. Records of Proceedings**

The minutes of the governing board and all shall contain:

- A. The names of the Interested 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 persons who disclosed additional Financial Interests not previously disclosed in the Annual Statement
- C. 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.

**ARIZONA SWIMMING, INC.**  
**Annual Statement Regarding Conflict of Interest**

1. At this time, I am a member of the Arizona Swimming Board of Directors, a committee chair or committee member, and an owner / employee of the following organizations giving rise to a direct or indirect Financial Interest in the following :

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2. Now this is to certify that I am an Interested Person as defined by this policy and, except as described below, and not now nor at any time during the past year have been:

- 1) A participant, directly or indirectly, in any financial arrangement, agreement investment or other activity with any vendor, supplier, or other party doing business with the AzSI which has resulted or could result in personal benefit to me.
- 2) A recipient, directly or indirectly, of any salary payments or loans or gifts of any kind or any free service or discounts or other fees from or on behalf of any person or organization engaged in any transaction with AzSI.

3. I acknowledge that as a Interested Person I have:

- A.) received the AzSI Conflict of Interest policy, and
- B.) read and understand the policy and,
- C.) agree to comply with the policy, and
- D.) understands the AzSI 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.

Any exceptions to 1 or 2 above are stated below with a full description of the transactions and of the interest, whether direct or indirect, which I have (or have had during the past year) in the persons or organizations having transactions with AzSI.

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Signed and dated this \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_.

Signature: \_\_\_\_\_

Printed name: \_\_\_\_\_