

SOUTH BRUNSWICK SOCCER CLUB, INC.

**CONFLICT OF INTEREST POLICY**

**ARTICLE I. PURPOSE**

The purpose of the conflict of interest policy is to protect the South Brunswick Soccer Club, Inc. (hereinafter "the Organization"), and its interests when it is contemplating entering into a transaction or arrangement which might benefit the private interest of an officer or director of the Organization, or such other person with a close nexus to the Organization, as the governing board may determine, or which might result in a possible excess benefit transaction of any kind. This policy is intended to supplement, but not to replace or pre-empt, any applicable state and federal laws governing conflicts of interest applicable to not for profit tax exempt charitable organizations

**ARTICLE II. DEFINITIONS**

**1. Interested Person:**

Any director, trustee or principal officer, member of a committee with governing board delegated powers, or such other person as the Board may so deem, who has a direct or indirect, present or future financial interest or non-financial material interest, as defined below, is an interested person.

**2. Financial and/or Material Interest:**

A person has a financial or material interest if the person has, directly or indirectly, through business, investment, family, or other organizational interests:

(a) An ownership or investment interest in any entity with which the Organization has a transaction, contract, or arrangement of any type.

(b) A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.

(d) A financial or non-financial interest in any organization or business entity whose goals or interests may be in conflict with the interests of the Organization.

**3. Compensation:**

Compensation includes direct and indirect remuneration, promise or representation of benefit of any kind, any expectancy interest, as well as gifts or favors exceeding \$20.00 in value during any calendar year.

**4. Conflict:**

A financial or material interest is not necessarily a conflict of interest. Under Art. III, Sect. 2, a person who has a financial or material interest and who, as required, discloses that interest, shall have a conflict of interest only if the appropriate governing board or committee determines 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 and/or material interest, and be given the opportunity to disclose all pertinent material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement, or subject matter.

2. Determination of Existence of Conflict:

Upon disclosure of the financial and/or material interest and of all material facts pertinent thereto, and after discussion with the interested person, the interested person shall leave the governing board or committee meeting. Thereupon the respective board or committee shall deliberate and vote as to whether or not a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest:

The proscribed procedure for addressing the conflict of interest (Article III Hearing), shall be as follows:

(a) An interested person may, if he/she so chooses, make a presentation at the governing board or committee meeting setting forth his/her position, viewpoint, or analysis. Such person may give testimony, present witnesses who may be queried by the board or committee, present evidence of any kind, offer a legal opinion or brief, and/or be represented by counsel.

(b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate any facts or allegations elicited, and/or to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity which 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 or committee members, whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is lawful, proper, fair and reasonable. In conformity with such criteria it shall make its decision as to whether to enter into the transaction or arrangement, or, whether to perpetuate a relationship or arrangement.

(e) The governing board or committee may, at its own choosing, refer any matter arising under such deliberations to its own counsel for a legal opinion, written or oral, prior to reaching a determination.

4. Violations of the Conflict of Interest Policy:

In the event of violations of the conflicts of interest policy the governing board or committee shall be authorized and empowered as follows:

(a) If the governing board or committee has reasonable cause to believe that 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 so disclose.

(b) If, after hearing the member's response and after making further investigation to such extent as may be warranted by the evidence and circumstances, the governing board or committee determines that the member has failed to disclose an actual or possible conflict of interest, it shall commence an Article III hearing.

(c) If, upon conclusion of an Article III hearing, a majority of the governing board or committee determines that the accused member has

committed a violation of the conflict of interest policy, said board or committee may impose sanctions. Such sanctions shall be as follows, subject to (d) below:

- (1) Removal of said person from appointed or hired position(s)
- (2) Suspension of membership status for a period of time, not exceeding six months beyond the duration of the conflict.
- (3) Termination of membership status.

(d) No member of the governing board shall be sanctioned except by majority vote of the governing board, which shall have the authority to impose any and all sanctions as set forth under sect. (c) herein.

#### **ARTICLE IV. RECORDS OF PROCEEDINGS**

The governing board and all committees with board delegated powers shall keep and maintain written records of all proceedings, as follows:

##### **1. Persons and Subject Matter:**

The written record shall contain the names of the persons who disclosed or otherwise were found to have a financial and/or material interest in connection with an actual or possible conflict of interest; the factual nature of the interest; the names of any witnesses who offered testimony; any and all evidentiary materials presented, including but not limited to documents, records, photographs, or audio-visual materials; names of attorneys, accountants, or special experts who appeared; and any legal briefs or opinions submitted.

##### **2. Resolution and Deliberation:**

The written record shall also contain the names of all governing board or committee members present, the names of those voting, an anonymous count of votes, a record of any motion made, the substantive content of any discussion, including any alternatives to the proposed transaction or arrangement, and a written declaration of sanctions, if any, to be imposed.

#### **ARTICLE V. CONFLICT, COMPENSATION AND VOTING**

The following conditions apply to voting and disclosure on matters of conflict of interest:

##### **1. Voting:**

The following restrictions on voting on matters of conflict of interest shall apply:

(a) A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's, or any similarly situated member's compensation.

(b) A voting member of any committee whose jurisdiction or purview includes compensation matters and who receives compensation, either directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's, or any similarly situated member's compensation.

##### **2. Information Disclosure:**

No voting member of the governing board, or of any committee whose jurisdiction and purview includes compensation matters, and who receives compensation, directly or indirectly, from the Organization, is prohibited from providing information to any committee regarding compensation.

#### **ARTICLE VI. ANNUAL STATEMENTS**

Every director, trustee, principal officer, and member of any committee with governing board delegated powers shall annually sign and submit a statement which affirms such person:

- (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; and,
- (d) Understands that the Organization is a tax-exempt charitable entity and that in order to protect and preserve its federal tax exemption it must engage exclusively in activities which are concordant with its tax exempt purpose and mission, and must not engage in any acts which might jeopardize such exempt status.

#### **ARTICLE VII. PERIODIC REVIEWS**

To ensure that the Organization operates in a manner which is consistent with charitable purposes, and does not engage in activities, conduct or ventures which could jeopardize its tax-exempt status, annual reviews shall be conducted. The annual reviews shall, at minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and are based on arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written and expressed policies, are properly recorded, reflect reasonable investment or payment for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.
- (c) Whether scholarships or any other benefits rendered do not result in private inurement or impermissible discrimination or favor.
- (d) Whether any act to which the Organization is linked by a close nexus could possibly jeopardize the Organization's tax-exempt status.

#### **ARTICLE VIII. USE OF OUTSIDE EXPERTS**

When conducting the annual reviews as provided for in Article VII, the Organization may, but is not required to, employ outside experts or advisors. If the services of such persons are used, such services shall not relieve the governing board of its responsibility for assuring that annual reviews are properly conducted.

#### **ARTICLE IX. POLICY LIMITATIONS**

##### **1. Enactment and Amendment:**

The governing board shall have the authority to enact, and to subsequently amend this conflict of interest policy, by majority vote.

##### **2. Liability Limitation:**

The members and any person or entity in privity of contract, or in negotiation with a purpose of contract or relationship with the Organization, shall hold harmless and indemnify any member of the governing board aid/or any member of any committee with governing board delegated powers for any act such a person may take in any matter pertinent to this conflict of interest policy. Members and contractors

shall be so noticed.

3. Severability:

If any provision or element of this conflict of interest policy is found to be defective as a matter of law by any court of competent jurisdiction, such provision shall be deemed severable from the whole, without effect upon any other provision, the remainder of which shall be construed and interpreted within the scope of the intent and purpose of this policy.

4. Entire Policy:

This conflict of interest policy shall comprise the entire policy. Any extrinsic representations, materials and promises, parol or otherwise, are expressly barred therefrom. This policy shall supersede and revoke any prior conflict of interest policy.

5. Effective Date:

This policy shall be in effect as of the date of enactment signed for below.

WHEREFORE, the Board of Trustees of the South Brunswick Soccer Club, Inc. now ratifies and enacts this By-Law, which shall be known as the "Conflict of Interest Policy."

Enacted on April 12, 2010

Jack Presti; President  
Wendy DiBartolo; Secretary  
DATED: April 12,, 2010.