



# *California Surf Lifesaving Association* **Policies and Procedures Manual**

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**Number:** II-I  
**Adopted:** October 13, 2006  
**Authority:** Article III, Section 1 of the Bylaws  
**SUBJECT:** **CONFLICT OF INTEREST POLICY**

## A. Purpose

The purpose of this conflict of interest policy is to protect the interests of the California Surf Life Saving Association (CSLSA) when it is contemplating entering into a transaction or arrangement which might benefit the private interest of an officer or director of CSLSA or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any state and federal laws governing conflicts of interest in nonprofit and charitable organizations.

## B. Definitions.

1. "Interested person" means 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.
2. A person has a "financial interest" who has, directly or indirectly, through business, investment or family:
  - a. An ownership or investment interest in any entity with which CSLSA has a transaction or arrangement,
  - b. A compensation arrangement with CSLSA or with any entity or individual with which CSLSA has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CSLSA is negotiating a transaction or arrangement.
3. "Compensation" includes direct and indirect remuneration as well as not-insubstantial gifts or favors.
4. A financial interest is not necessarily a "conflict of interest." A person who has a financial interest may have a conflict of interest only if the governing board or appropriate committee decides, pursuant to Section C-2 of this policy, that a conflict of interest exists.



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### C. Procedures

1. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of any financial interest and be given the opportunity to disclose all material facts to the governing board and members of committees with governing board-delegated powers considering the proposed transaction or arrangement.
2. After disclosing the financial interest and all material facts, and after any discussion with the governing board or committee, 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 whether a conflict of interest exists.
3. If a conflict of interest is determined to exist,
  - a. An interested person may make a presentation to the governing board or committee, but after the presentation, he/she shall leave the meeting during the discussion of and voting upon the transaction involving the possible conflict of interest.
  - b. The chairperson of the governing board or committee shall, if deemed 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 CSLSA 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 CSLSA's best interest, for its own benefit, and whether it is fair and reasonable.
  - e. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
4. If the governing board or committee has reasonable cause to believe a member has failed to disclose an actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.



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5. If, after hearing the member's response and after making such further investigation as may be 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.

### D. Records

The minutes of the governing board and all committees with board-delegated powers shall contain:

1. The names of all persons who have disclosed or who otherwise were found to have an actual or possible conflict of interest, the nature of the financial interest actually or possibly giving rise to the conflict of interest, the action taken to determine whether the conflict of interest existed, and the board's or committee's determination.
2. 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.

### E. Compensation

1. A voting member of the governing board who directly or indirectly receives compensation from CSLSA for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who directly or indirectly receives compensation from CSLSA for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who directly or indirectly receives compensation from CSLSA for services is precluded from providing information to any committee regarding compensation.

### F. Annual Statements.

Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement which affirms that such person:

1. Has received a copy of this conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands that CSLSA is charitable and in order to maintain its tax exemption it must engage primarily in activities which accomplish one or more of its exempt purposes.



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### G. Periodic Reviews; Use of Outside Advisors.

1. To insure that CSLSA operates in a manner consistent with its charitable purposes and does not engage in activities which could jeopardize its tax-exempt status, periodic reviews shall be conducted, including at a minimum:
  - a. Whether compensation arrangements and benefits are reasonable, based upon competent survey information, and the result of arm's-length bargaining.
  - b. Whether partnerships, joint ventures and arrangements with management organizations conform to CSLSA's written policies, are properly documented, reflect reasonable investment or payments for goods and services, are in furtherance of CSLSA's charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.
2. In conducting these reviews, CSLSA may, but is not required to, use outside advisors. If outside advisors are used, their use shall not relieve of the governing body of its duty to ensure that periodic reviews are conducted.