

Conflict of Interest Policy Toledo Roadrunners Club

Adopted: May 14, 2021

Article I. Purpose.

- 1.01 The purpose of the conflict of interest policy is to protect the interest of the Toledo Roadrunners Club, an Ohio nonprofit corporation and public charity described in Section 501(c)(3) of the Internal Revenue Code (the “Club”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a covered person (defined below) of the Club or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II. Definitions.

- 2.01 **Coordination with Constitution.** Because the current Constitution does not include a board of directors or directors, for purposes of this policy, “board” refers to the executive committee, and “directors” refers to members of the executive committee. “Committees” refers to all committees named in the Constitution or created by the executive committee.”
- 2.02 **Covered Person.** Any officer (elected or appointed), any director, any member or volunteer who serves on a committee, any race director, and any other member or volunteer who otherwise has any influence or authority over policy or financial decisions of the Club, is a covered person and thus is subject to this policy. If it is not clear whether a member or volunteer is a covered person, then the board may make the determination.
- 2.03 **Interested Person.** Any covered person who has a direct or indirect financial interest, as defined below, is an interested person.
- 2.04 **Financial Interest.** A covered person has a 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 Club has a transaction or arrangement,
 - (b) A compensation arrangement with the Club or with any entity or individual with which the Club 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 Club is negotiating a transaction or arrangement.
- 2.05 Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- 2.06 A financial interest is not necessarily a conflict of interest. Under Section 3.02, a covered person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Article III. Procedures.

- 3.01 **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 considering the proposed transaction or arrangement.

3.02 **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, he/she shall leave the 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.

3.03 **Procedures for Addressing the Conflict of Interest.**

- (a) An interested person may make a presentation at the board or committee meeting, but 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.
- (c) After exercising due diligence, the board or committee shall determine whether the Club 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 board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Club'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.

3.04 **Violations of the Conflicts of Interest Policy.**

- (a) If the board or committee has reasonable cause to believe 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 disclose.
- (b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the 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.

Article IV. Records of Proceedings

4.01 The minutes of the board and all committees 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 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.

- 5.01 A voting member of the board who receives compensation, directly or indirectly, from the Club for services is precluded from voting on matters pertaining to that member's compensation.
- 5.02 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Club for services is precluded from voting on matters pertaining to that member's compensation.
- 5.03 No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Club, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI. Annual Statements

- 6.01 Each covered person 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 Club 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.

Article VII. Periodic Reviews

- 7.01 To ensure the Club operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
- 7.02 Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- 7.03 Whether partnerships, joint ventures, and arrangements with management organizations conform to the Club'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.

- 8.01 When conducting the periodic reviews as provided for in Article VII, the Club may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.

Toledo Roadrunners Club
Certification and Disclosure Regarding Conflicts of Interest and Confidentiality

I hereby certify that:

Conflict of Interest

- I have read and I understand the Conflict of Interest Policy (“Policy”) of Toledo Roadrunners Club, an Ohio nonprofit corporation (the “Club”). Certain terms here are used as defined in the Conflict of Interest Policy.
- I agree to comply with the Policy and other policies and governing documents duly adopted by the Club.
- I agree to comply with all applicable laws and regulations that apply to Ohio nonprofit corporations and public charities in general as they relate to the Club.
- I affirm that I have no financial interest (as defined in the Policy) which may constitute an actual or potential conflict of interest with the Club, except for the following (describe here; attach additional page(s) if necessary):

- If an actual or potential conflict of interest arises, I will promptly disclose the actual or potential conflict to the board or relevant committee (if the matter is under consideration by the board or a committee), or to the president of the Club. Until such conflict has been resolved, I will not participate in any discussions, deliberations, decisions, or voting related to such conflict.

Confidentiality

- I acknowledge that, as a covered person (as defined in the Policy), I may create, work with, or be exposed to confidential information of the Club including, without limitation, sponsorship agreements, sponsor lists, vendor agreements, vendor lists, member lists with contact information, and financial details of the Club’s business relationships (collectively, “Confidential Information”).
- Throughout my involvement with the Club as a covered person and indefinitely thereafter, I will not use or disclose any Confidential Information of the Club, except in fulfillment of my duties to the Club. I will honor any confidentiality agreements the Club has with third parties of which I am aware.
- Confidential Information need not be marked as such. If there is any question as to whether something constitutes Confidential Information, or whether a proposed use or disclosure is proper, I will consult the president of the Club who, if necessary, will refer the matter to the board. Any decision by the board on such matters is binding and final.

While this certification and disclosure is to be completed annually, I understand that these obligations continue throughout the term of my status as a covered person (and the confidentiality provisions survive thereafter), whether or not this certification and disclosure is updated.

Printed Name

Signature

Date