

**CATALINA MARINE SOCIETY**  
**CONFLICT OF INTEREST POLICY**

**Article I: Purpose**

This conflict of interest policy is designed to foster public confidence in the integrity of the Catalina Marine Society (the “Society”) and to protect the Society’s interest when it is contemplating entering a transaction (defined below) that might benefit the private interest of a director, a corporate officer, the top management or top financial official, or a key employee (defined below).

**Article II: Definitions**

The following are considered *insiders* for the purposes of this policy:

1. Each member of the Board of Directors.
2. The president, chief executive officer, chief operating officer, treasurer and chief financial officer, executive director, or any person with the responsibilities of any of these positions (whether or not the person is an officer of the Society under the Society’s Bylaws and the California Corporations Code).
3. Any *key employee*, meaning an employee whose total annual compensation (including benefits) from the Society and any affiliates is more than \$150,000 *and*
  - (a) who has responsibilities or influence over the Society similar to that of officers, directors, or trustees; *or*
  - (b) who manages a program that represents 10% or more of the activities, assets, income, or expenses of the Society; *or*
  - (c) who has or shares authority to control 10% or more of the Society’s capital expenditures, operating budget, or compensation for employees.

*Interest* means any commitment, investment, relationship, obligation, or involvement, financial or otherwise, direct or indirect, that may influence a person’s judgment, including receipt of compensation from the Society, or a sale, loan, or exchange transaction with the Society.

A *conflict of interest* is present when, in the judgment of the Board of Directors, an insider's stake in the transaction is such that it reduces the likelihood that an insider's influence can be exercised impartially in the best interests of the Society.

*Transaction* means any transaction, agreement, or arrangement between an insider and the Society, or between the Society and any third party where an insider has an interest in the transaction or any party to it. The receipt of compensation by an insider as an employee of the Society is not itself a transaction.

### **Article III: Procedures**

#### 1. Duty to Disclose

Each insider shall disclose to the Board all material facts regarding his or her interest in the transaction, promptly upon learning of the proposed transaction.

#### 2. Determining Whether a Conflict of Interest Exists

With regard to an insider, the Board shall determine if a conflict of interest exists. The insider(s) and any other interested person(s) involved with the transaction shall not be present during the Board's discussion or determination of whether a conflict of interest exists, except as provided in Article IV below.

#### 3. Procedures for Addressing a Conflict of Interest

The Board shall follow the procedures set forth in Article IV in order to decide what measures are needed to protect the Society's interests in light of the nature and seriousness of the conflict, to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are appropriate.

### **Article IV: Review by the Board**

The Board may ask questions of and receive presentation(s) from the insider(s) and any other interested person(s), but shall deliberate and vote on the transaction in their absence. The Board shall ascertain that all material facts regarding the transaction and the insider's conflict of interest have been disclosed to the Board and shall compile appropriate data, such as comparability studies, to determine fair market value for the transaction.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Board shall determine whether the transaction is in the Society's best interest, for its own benefit, and whether it is fair and reasonable to the Society. The majority of disinterested members of the Board then in office may approve the transaction.

#### **Article V: Records of Proceedings**

The minutes of any meeting of the Board pursuant to this policy shall contain the name of each insider who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the Board who were present during the deliberations on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Board and how the information was obtained; and the result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

#### **Article VI: Annual Disclosure and Compliance Statements**

Each director, each corporate officer, the top management official, the top financial official, and each key employee of the Society, shall annually sign a statement on the form attached, that:

- affirms that the person has received a copy of this conflict of interest policy, has read and understood the policy, and has agreed to comply with the policy; and
- discloses the person's financial interests and family relationships that could give rise to conflicts of interest.

#### **Article VII: Violations**

If the Board has reasonable cause to believe that an insider of the Society has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, it shall inform such insider of the basis for this belief and afford the insider an opportunity to explain the alleged failure to disclose. If, after hearing the insider's response and making further investigation as warranted by the circumstances, the Board determines that the insider has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action.

### **Article VIII: Annual Reviews**

To ensure that the Society operates in a manner consistent with its status as a Society exempt from federal income tax, the Board shall authorize and oversee an annual review of the administration of this conflict of interest policy. The review may be written or oral. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified and improved.



**Catalina Marine Society**

**Conflict of Interest Policy  
Acknowledgment and Financial Interest Disclosure Statement**

The Catalina Marine Society (“Society”) follows a conflict of interest policy designed to foster public confidence in our integrity and to protect our interest when we are contemplating entering a transaction or arrangement that might benefit the private interest of a director, a corporate officer, our top management official and top financial official, or any of our key employees.

**Part I. Acknowledgment of Receipt**

I hereby acknowledge that I have received a copy of the conflict of interest policy of the Catalina Marine Society, have read and understood it, and agree to comply with its terms.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

**Part II. Disclosure of Financial Interests**

We are required annually to file Form 990 with the Internal Revenue Service, and the form we file is available to the public. To complete Form 990 fully and accurately, we need each officer, director and key employee to disclose the information requested in this Part II.

*(Continued on next page)*

A “conflict of interest,” for purposes of Form 990, arises when a person in a position of authority over an organization, such as an officer, director, or key employee, may benefit financially from a decision he or she could make in such capacity, including indirect benefits to family members or businesses with which the person is closely associated.

**Part II** Please check ONE of the following boxes:

My interests and relationships have not changed since my last disclosure of interests. [Proceed to signature block below. Do not complete the tables.]

**OR**

I hereby disclose or update my interests and relationships that could give rise to a conflict of interest: [Complete the table below. Use additional pages as needed.]

Family Relationships	Names of those presenting a potential conflict of interest
Include spouse, ancestors, brothers and sisters, children, grandchildren, great grand-children, and spouses/ domestic partners of brothers, sisters, children, grandchildren, and great grandchildren	

Type of interest	Description of interest that could lead to a conflict of interest
Transactions or arrangements with the Society	
Transactions or affiliations with other nonprofit organizations	
Substantial business or investment holdings	
Transactions or affiliations with businesses not listed above	

I am not aware of any financial interest involving me or a family member that could present a conflict of interest that I have not disclosed either above or in a previous disclosure statement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name