

OHIO HORSEMAN'S COUNCIL

Conflict of Interest Policy and Annual Statement

For Officers, Directors and Members of Committees

Article I: Purpose

- I. The purpose of this conflict of interest policy is to protect OHC's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer, director or committee member of OHC or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations.

Article II: Definitions

1. Interested person. Any director, officer, or member of a committee who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial interest. A 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 OHC has a transaction or arrangement;
 - b. A compensation arrangement with OHC or with any entity or individual with which OHC has a transaction or arrangement; or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which OHC is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

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 Executive Cabinet decides that a conflict of interest exists, in accordance with this policy.

3. Independent Member -- A member shall be considered "independent" for the purposes of this policy if he or she:
 - a. is not, and has not been for a period of at least three years, an employee of OHC or any entity in which OHC has a financial interest;

- b. does not directly or indirectly have a significant business relationship with OHC, which might affect independence in decision-making;
- c. is not employed as an executive of another corporation where any of OHC's officers or employees serve on that corporation's compensation committee; and
- d. does not have an immediate family member who is an executive officer or employee of OHC or who holds a position that has a significant financial relationship with OHC.

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 interest and be given the opportunity to disclose all material facts to the Executive Cabinet.
2. **Recusal of Self.** Any officer, director or committee member may recuse himself or herself at any time from involvement in any decision or discussion in which he or she believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
3. **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 Executive Cabinet meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Executive Cabinet members shall decide if a conflict of interest exists.
4. **Procedures for Addressing the Conflict of Interest**
 - a. an interested person may make a presentation at the Executive Cabinet 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 Executive Cabinet shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Executive Cabinet shall determine whether OHC 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

Executive Cabinet shall determine by a majority vote whether the transaction or arrangement is in OHC'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.

5. Violations of the Conflict of Interest Policy

- a. If the Executive Cabinet 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 Executive Cabinet 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

1. The minutes of the Executive Cabinet 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 Executive Cabinet'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

1. A member of the Executive Cabinet who receives compensation, directly or indirectly, from OHC is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee who receives compensation, directly or indirectly, from OHC is precluded from voting on matters pertaining to that member's compensation.
3. No member of the Executive Cabinet or any committee who receives compensation, directly or indirectly, from OHC, either individually or collectively, is prohibited from providing information to the Executive Cabinet regarding compensation.

Article VI: Annual Statements

1. Each officer, director and member of a committee shall annually sign 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 OHC 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.
2. Each member of the Executive Cabinet shall annually sign a statement which declares whether such person is an independent member.
3. If at any time during the year, the information in the annual statement changes materially, the member shall disclose such changes and revise the annual disclosure form.
4. The Executive Cabinet shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VII: Periodic Reviews

1. To ensure OHC 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:
 - a. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to OHC's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

Article VII: Use of Outside Experts

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

Revision History by the OHC Executive Cabinet

Initial Conflict of Interest policy adopted _____, 2018

