

Conflict of Interest and Compensation Policy of the Classic Yacht Association ("the Association")

Adopted by the Board of Directors on June 14, 2020

Article I. Purpose

The purpose of this conflict of interest policy is to protect the Classic Yacht Association from potential conflicts of interest that may benefit the private interest of a board director or that could create an excess benefit transaction. The intent of this policy is to supplement any applicable state or federal law that governs conflict of interest.

Article II. Definitions

1. Interested Person

Classic Yacht Association defines directors, principal officers or committee members with powers delegated by the board who have a direct or indirect Financial Interest, as defined below.

2. Financial Interest

A person has a financial interest when they have any actual or potential ownership, investment or compensation agreement with Classic Yacht Association, either directly or indirectly.

Article III, Section 2 of IRS Form 1023 clarifies that a person with a Financial Interest may have a conflict only if the governing board or committee has a consensus that a conflict exists.

Article III. Procedures

1. Duty to Disclose

Related to any actual or potential conflict of interest, an Interested Person must disclose the existence of a Financial Interest. The board of directors shall provide the Interested Person with an opportunity to disclose all material facts to the board and committees with

governing board-delegated powers considering the proposed transaction or arrangement that poses a potential conflict.

To aid the disclosure and serve as documentation, each board member shall complete a conflict of interest questionnaire at least annually, and more often as needed.

2. Making a Determination of Conflict of Interest

The board shall review each member's questionnaire and any other submitted disclosures for each principal officer, board member or committee member with governing powers. After an Interested Person discloses a potential conflict of interest, the board should request that person to leave the boardroom. The remaining board directors shall then discuss the potential conflict of interest and vote on its existence.

3. Procedures for Managing the Conflict of Interest

After making a careful review of the facts, the governing board or committee shall make a determination on whether Classic Yacht Association would be able to make arrangements for a different agreement or transaction that doesn't produce a conflict of interest. During the discussions on the determination, the Interested Person shall not be present.

Seeing that no alternative transaction or arrangement is possible, the governing board or committee shall determine whether the transaction or agreement is in the best interests of Classic Yacht Association and is fair and reasonable for its own benefit. The governing board or committee shall make this determination by majority vote. The majority vote counts as the deciding factor on whether Classic Yacht Association shall enter into the transaction or arrangement.

4. Disciplinary Action

If the governing board or committee reasonably believes that an Interested person failed to disclose an actual or potential conflict of interest, they will inform the member and provide an opportunity for the Interested Person to offer an explanation about why he or she failed to disclose the conflict or potential conflict of interest. The governing board or committee shall take disciplinary action if they continue to believe that a conflict of interest still exists.

Article IV. Records of Proceedings

The minutes of the governing board and all committees with delegated powers shall contain the names of the persons who disclosed or were found to have a conflict or potential conflict, the nature of the conflict, any action taken by the governing board and the governing board's decision on the existence of the conflict. The record will also show the names of persons present for discussions and votes, alternatives to the vote and a record of votes taken.

Article V. Annual Statements

The officers of the board will ensure that each principal officer, director and member of a committee with powers delegated by the board shall sign a statement that affirms that they received a copy of the conflicts of interest policy, have read and understood its contents, and agree to comply with the policy. All aforementioned parties shall also testify in writing that Classic Yacht Association is a charitable organization and must engage primarily in activities that achieve its tax-exempt purposes.

Article VI. Periodic Reviews

Classic Yacht Association shall operate in a manner consistent with charitable purposes and shall not engage in activities that may jeopardize its tax-exempt status. The governing board or committee shall conduct periodic reviews to include such issues as whether transactions and agreements present potential conflicts of interest. The reviews shall also inquire about partnerships, joint ventures and other arrangements, and whether those arrangements conform to Classic Yacht Association's written policies, including whether those arrangements are properly recorded and reflect reasonable investments or payments for goods or services.

Article VII. Use of Outside Experts

The governing board or committee may use outside experts when conducting periodic reviews on conflicts of interest. When experts are used, their use does not replace the board's responsibility for conducting future periodic reviews.

Classic Yacht Association

Conflict of Interest Disclosure Statement

By signing below, I affirm that:

1. I have received and read a copy of the Conflict of Interest and Compensation Policy;
2. I agree to comply with the policy;
3. I have no actual or potential conflicts as defined by the policy or if I have, I have previously disclosed them as required by the policy or am disclosing them below.
4. I testify that the Classic Yacht Association is a charitable organization that must engage primarily in activities that achieve its tax-exempt purposes.

Disclose here, to the best of your knowledge:

1. any entity in which you participate (as a director, officer, employee, owner, or member) with which the Association has a relationship;
2. any transaction in which the Association is a participant as to which you might have a conflicting interest; and
3. any other situation which may pose a conflict of interest.

Name: _____

Position: _____

Signature: _____

Date: _____