

## **CONFLICT OF INTEREST POLICY SQUASHBUSTERS, INC.**

Adopted as of January 1, 2016

### **ARTICLE I**

#### **Purpose**

The purpose of this conflict of interest policy is to protect the interests of SquashBusters, Inc., a Massachusetts Chapter 180 nonprofit corporation (the “Corporation”), when it contemplates entering into a transaction or arrangement with a Covered Person. Conflicts may arise when a Covered Person’s interests are or appear to be adverse to the interests of the Corporation and if the Covered Person is in a position to influence a decision of the Corporation in such a way that it will or might appear to benefit the Covered Person. This conflict of interest policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

### **ARTICLE II**

#### **Definitions**

- 1) **Board.** The Board of Directors of the Corporation or any committee consisting of members of the Board of Directors to which the Board of Directors has delegated some of the Board of Directors’ powers.
- 2) **Covered Person.** Any director, member of a committee with powers delegated by the Board of Directors, principal officer, member, employee having responsibilities similar to a director or principal officer, or any person in a position to exercise substantial influence over the affairs of the Corporation, regardless of whether such person is compensated by the Corporation, and any Family Member of such person. If any of the persons described in the preceding sentence, either alone or together with another Covered Person, owns or has rights to at least 35 percent of (a) the voting power of a corporation, (b) the profits interest of a partnership or (c) the beneficial interest of a trust or estate, such corporation, partnership, trust or estate shall be deemed to be a Covered Person. Such corporation, partnership, trust or estate shall be referred to herein as a “Controlled Entity.”
- 3) **Family Member.** A person’s brothers and sisters (including half siblings and step-siblings), children, grandchildren, great grandchildren (including step-children, step-grandchildren, and step-great grandchildren), ancestors (parents, grandparents, etc., including step-parents and step-grandparents) and spouses (of the person and any person in the foregoing categories). Family Members shall include siblings, descendants, and ancestors by adoption.
- 4) **Ownership or Investment Interest.** An Ownership or Investment Interest means direct or indirect control over an entity (e.g., a corporation, partnership, or trust or estate, whether or

not organized and operated for profit) through voting power, a profits interest or a beneficial interest.

- 5) **Permitted Interest.** A Permitted Interest means the ownership of (a) shares of stock listed on the New York Stock Exchange, the American Stock Exchange, or any other recognized stock exchange or national market system, so long as the amount of stock held of any one issuer is not in excess of one percent of the issuer's total outstanding voting shares; (b) shares of mutual funds; (c) an interest in a blind trust; or (d) any debt instruments of companies whose stock is listed on the New York Stock Exchange, the American Stock Exchange, or any other recognized stock exchange or national market system.
- 6) **Related Interest.** A person has a Related Interest if the person has, directly or indirectly:
- a. an Ownership or Investment Interest other than a Permitted Interest in any entity with which the Corporation has entered into or is considering a transaction or arrangement;
  - b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has entered into a transaction or arrangement;
  - c. a potential Ownership or Investment Interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement; or
  - d. any association through which the person is in a position to exercise influence over the affairs of a person or entity with which the Corporation has a programmatic relationship.

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

### **ARTICLE III** **Procedures**

- 1) **Prohibition.** No Covered Person may enter into a transaction or arrangement with the Corporation unless the facts of the particular Related Interest have been fully disclosed and the transaction or arrangement has been expressly authorized by the disinterested members of the Board.
- 2) **Duty to Disclose.** In connection with any transaction or arrangement under consideration by the Corporation, a Covered Person must disclose the existence of such Covered Person's or any other Covered Person's Related Interest to the designated conflict of interest officer. A Covered Person must be given the opportunity to disclose all material facts to the Board at a meeting of the Board called for the purpose of considering the transaction or arrangement and such Covered Person's Related Interest.

3) **Determining Whether an Impermissible Conflict of Interest Exists.** A Related Interest is not necessarily an impermissible conflict of interest. After disclosure of the Related Interest and all material facts to the Board, the Covered Person shall leave the meeting while the determination of an impermissible conflict of interest is discussed and voted upon. The disinterested members of the Board shall determine whether an impermissible conflict of interest exists.

4) **Procedures for Addressing the Conflict of Interest.**

- a. A Covered Person may make a presentation to the Board at a meeting of the Board called for the purpose of considering the transaction or arrangement and the Covered Person's Related Interest, but after the presentation, the Covered Person must leave the meeting during the discussion of, and the vote on, such transaction or arrangement.
- b. The designated conflict of interest officer shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, including a review of surveys of comparable data where appropriate, the Board shall determine whether the Corporation 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 shall determine by a vote of the disinterested directors of the Board whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable, and therefore whether to enter into such transaction or arrangement.

5) **Violations of the Conflict of Interest Policy.**

- a. If the Board has reasonable cause to believe a Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Board determines the Covered Person has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action.

6) **Receipt of Gifts.** No Covered Person may accept gifts or other favors under circumstances that might lead to the inference that the gift or favor was intended to influence the Covered

Person's decision-making while serving the Corporation. Any gifts of greater than \$200 and are offered by a person or entity with which the Corporation has entered into or is considering a transaction or arrangement must be declined, and the offer reported to the designated conflict of interest officer.

#### **ARTICLE IV** **Records of Proceedings**

The minutes of the Board shall be prepared and approved as soon as practicable after the meeting of the Board called for the purpose of considering a transaction or arrangement and shall include:

1. The names of the Covered Persons who disclosed or otherwise were found to have a Related Interest in connection with an actual or possible conflict of interest, the nature of the Related Interest, any action taken to determine whether an impermissible conflict of interest existed, and the Board's decision as to whether an impermissible conflict of interest in fact existed.
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.

If the Corporation enters into a transaction or arrangement with a Covered Person, such transaction or arrangement will be reported in the Corporation's Form 990 as required.

#### **ARTICLE V** **Compensation**

- 1) A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- 2) A voting member of any committee of the Board of Directors charged with compensation matters and who receives compensation, directly or indirectly, from the Corporation, is precluded from voting on matters pertaining to that member's compensation.
- 3) No voting member of the Board of Directors or any committee of the Board of Directors charged with compensation matters and who receives compensation, directly or indirectly, from the Corporation is prohibited from providing information to the Board of Directors or any such committee regarding compensation.

**ARTICLE VI**  
**Annual Statements**

Each director, member of a committee with powers delegated by the Board of Directors, principal officer, member, employee having responsibilities similar to a director or principal officer, substantial donor to the Corporation, or any person in a position to exercise substantial influence over the affairs of the Corporation shall, upon first acceding to such office or position, and then annually thereafter, sign an Acknowledgement Form, in the form attached hereto, which affirms that such person:

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

Persons subject to this policy are also required to complete a Conflict of Interest Disclosure Statement, in the form attached hereto, and to update the Disclosure Statement immediately following any change in the information requested on the Disclosure Statement.

**ARTICLE VII**  
**Periodic Reviews**

To ensure the Corporation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted by the Board. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether transactions and arrangements conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Corporation's charitable and educational purposes and do not result in inurement, impermissible private benefit or in an "excess benefit" transaction.

**ARTICLE VIII**  
**Use of Outside Experts**

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