



Conflict of Interest Policy

Article I: Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of USA Gymnastics and its tax-exempt status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of USA Gymnastics or other Interested Person, or might result in a possible Excess Benefit transaction. USA Gymnastics is committed to not only monitor and prevent any potential financial abuse, but also to use its best efforts to avoid the appearance of impropriety or favoritism, even where none actually exists. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest which are applicable to nonprofit organizations.

Article II: Definitions

1. Interested Person

An "Interested Person" is any officer, director, employee, member of a Standing Committee, program committee or a committee with board-delegated powers, who has a direct or indirect Financial Interest, as defined below.

2. Related Person

A "Related Person" is any person who is related by blood or marriage to an Interested Person, or whose relationship with the Interested Person is similar to that of persons who are related by blood or marriage, including a spouse, domestic partner, parent or sibling, child, grandchild, or the spouse of any of these, or an individual having the same home as the Interested Person, or a trust or estate of which an individual specified in this paragraph is either a substantial beneficiary or a fiduciary.

3. Financial Interest

An Interested Person has a "Financial Interest" if he or she has, directly or indirectly, through business, ownership, investment or a Related Person:

- a. A relationship with any entity or individual with which USA Gymnastics has a transaction or arrangement;
- b. A Compensation arrangement with USA Gymnastics or with any entity or individual with which USA Gymnastics has a transaction or arrangement; or
- c. A potential relationship with, or Compensation arrangement with, any entity or individual with which USA Gymnastics is negotiating a transaction or arrangement.

4. Compensation

“Compensation” includes direct and indirect remuneration as well as gifts, gratuities, entertainment or favors that are not insubstantial. Accepting gifts, entertainment or other favors from individuals or entities can result in a conflict or duality of interest when the party providing the gift / entertainment / favor does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Interested Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of USA Gymnastics.

5. Excess Benefit

An “Excess Benefit” is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of any “disqualified person” (as defined in applicable IRS Regulations), and the value of such economic benefit provided by the organization exceeds the value of the consideration (including the performance of services) received for providing such benefit.

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 any Financial Interest and be given the opportunity to disclose all material facts to either the President of USA Gymnastics, the Board of Directors (Board), the Ethics and Grievance Committee or the members of any Standing Committee or applicable committee with board–delegated powers, where there is a proposed transaction or arrangement which is being considered.

2. Determining Whether a Conflict of Interest Exists

Having a Financial Interest is not necessarily a conflict of interest. An Interested Person who has a Financial Interest may have a conflict of interest only if the President, the Board, the Ethics and Grievance Committee or the applicable committee considering the matter decides that a conflict of interest exists. A conflict of interest exists when an Interested Person has a Financial Interest that may influence him or her when making a decision for USA Gymnastics or is in a position to influence a decision that may result in personal gain or gain for a Related Person. Even if a conflict exists, it may not be material enough to be of

practical importance. In this regard, it is permissible for an Interested Person to receive reasonable and fair Compensation for services rendered or goods provided to USA Gymnastics which are completely unrelated to his or her services as a director, officer, employee or member of a Standing Committee, program committee or member of a committee with board–delegated powers, assuming full disclosure and approval.

The resolution of these issues will ultimately involve striking a balance between applicable good governance principles and the legitimate needs of USA Gymnastics, after considering applicable IRS and USOC requirements and endeavoring to insure that there is no perception of inappropriateness or favoritism.

3. Addressing a Conflict of Interest

- a. If the Interested Person is a director, officer or a member of a Standing Committee, the review of the proposed transaction or arrangement involving the possible conflict of interest shall be performed by the Ethics and Grievance Committee.
- b. If the Interested Person is a member of a program committee or a member of a committee with board–delegated powers, the review of the proposed transaction or arrangement involving the possible conflict of interest shall be performed either by the applicable committee or, if referred by the applicable committee, by the Ethics and Grievance Committee.
- c. If the Interested Person is an employee, the review of the proposed transaction or arrangement involving the possible conflict of interest shall be performed either by the President or, if referred by the President, by the Ethics and Grievance Committee.
- d. An Interested Person in attendance at a meeting at which the Board or committee will act on a matter in which such person has a Financial Interest or other conflict of interest, shall disclose at the meeting all material facts pertaining to the conflict of interest, and the disclosure shall be reflected in the minutes of the meeting.
- e. An Interested Person who plans not to attend a meeting at which he or she has reason to believe that the Board or committee will act on a matter in which such person has a Financial Interest or other conflict of interest, shall disclose to the chair of the meeting all material facts pertaining to the conflict of interest prior to the meeting. The chair shall report the disclosure at the meeting, and the disclosure shall be reflected in the minutes of the meeting.
- f. After the disclosure of the Financial Interest and all material facts, the Interested Person may present and discuss the facts and circumstances of the conflict with the Board or committee, but after such presentation, he or she shall leave the meeting while the determination of the conflict of interest is both discussed and voted upon.
- g. An Interested Person shall not be counted in determining the presence of a quorum for the purpose of any vote on the transaction or arrangement involving the possible conflict of interest.

- h. The chair of the Board or committee may, if appropriate, appoint a disinterested person or panel to investigate alternatives to the proposed transaction or arrangement.
- i. After exercising due diligence, the Board or committee shall determine whether USA Gymnastics 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. If the proposed transaction or arrangement involving the possible conflict of interest involves the personal services of the Interested Person, the Board or committee may take into consideration any unique qualifications or experience possessed by the Interested Person.
- j. 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 or committee members whether the transaction or arrangement is in best interests of USA Gymnastics, 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 or approve the transaction or arrangement.
- k. In determining whether to enter into or approve of the transaction or arrangement, the Board or committee shall consider as significant factors both the amount of the Compensation or the value of the benefit and the frequency of its receipt. For example, significant Compensation or Compensation for services provided on a regular basis (e.g., monthly), and not on an occasional or temporary basis, such as a stipend for services rendered to an international federation as a board, committee or commission member, over an extended period of time, should not be permitted.
- l. If it is determined that a conflict of interest exists and the proposed transaction is not approved, the Interested Person shall either reject the Compensation or transaction or resign as an officer, director, employee or member of the applicable committee.

4. Violations of the Conflict of Interest Policy

- a. If the President, Board or a committee has reasonable cause to believe that an Interested Person has failed to disclose an actual or possible conflict of interest, it shall inform the Interested Person of the basis for such belief and afford him or her with an opportunity to explain the alleged failure to disclose.
- b. After hearing the Interested Person's response and after making further investigation as is warranted by the circumstances, the President, Board or committee shall determine whether the Interested Person has failed to disclose an actual or possible conflict of interest and, if so, shall take appropriate disciplinary and corrective action.

Article IV: Transactions Which Are Deemed Approved

The following transactions or arrangements are deemed approved and generally do not need to be the subject of a vote or other determination regarding conflicts of interest:

1. Support to Athletes and Coaches

- a. Pursuant to the Ted Stevens Olympic and Amateur Sports Act, the athletes have protected rights, and there should be no restriction to limit in any manner any athlete funding or support, provided that (i) full disclosure is made, and (ii) the Compensation is similar in size and structure to that paid to others who are not Interested Persons.
- b. Funding through applicable program budgets to athletes who are still competing and are receiving benefits in their capacity as competing athletes, as well as funding to coaches who receive support related to national team participation, shall be deemed approved, provided that (i) full disclosure is made, and (ii) the Compensation is similar in size and structure to that paid to others who are not Interested Persons.
- c. Compensation received by athletes and coaches who are engaged on an occasional or temporary basis, including coaching at a clinic or training camp, making a paid appearance for a sponsor or working on a finite or discrete project, shall be deemed approved, provided that (i) full disclosure is made, and (ii) the Compensation is similar in size and structure to that paid to others who are not Interested Persons.

2. Judging Fees

- a. The selection of our judges is not conducted or even influenced by the Board, and the amount of any judging fee is set by the individual programs or applicable judges' associations. Various athletes are also paid as judges at many of our state, regional and national competitions.
- b. Fees paid solely for rendering services as a judge at a competition or event shall be deemed approved, provided that such payments are similar in size and structure to those paid to others who are not Interested Persons.

3. Honorariums for Services rendered

- a. Reasonable yet modest fees paid solely for rendering services as a presenter at a congress or other speaking engagement, event services, clinician work at training camps and promotional appearances, shall be deemed approved, provided that (i) full disclosure is made, and (ii) the Compensation is similar in size and structure to that paid to others who are not Interested Persons.

4. Certain Other Contractual relationships

- a. Compensation paid solely to assist in the development of grassroots programs, for hosting an event or for acting as a staff level clinician, shall be

deemed approved, provided that (i) full disclosure is made, (ii) the services called for are not being provided on a regular basis, and (iii) the Compensation is similar in size and structure to that paid to others who are not Interested Persons.

If each of the stated conditions are not present or satisfied, the proposed transaction or arrangement should be reviewed pursuant to Article III.

Article V: Records of Proceedings

In the consideration of matters involving a potential conflict of interest, the minutes of the Board, the Ethics and Grievance Committee and all committees with board-delegated powers 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; and
- b. The names of the persons who were present for any discussion and any vote relating to the transaction or arrangement, the general content of any discussion, including whether there existed any acceptable alternative to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article VI: Compensation

- a. An Interested Person who receives Compensation, directly or indirectly, from USA Gymnastics for services is precluded from voting on any matter pertaining to the Compensation of such Interested Person.
- b. No voting member of the Board or any committee whose jurisdiction includes Compensation matters and who receives Compensation, directly or indirectly, from USA Gymnastics, either individually or collectively, is prohibited from providing information to any committee regarding Compensation.

Article VII: Annual Statements

Each Interested Person shall accurately complete and sign an annual conflict of interest questionnaire which shall provide for the disclosure of any relationships, positions or circumstances which could contribute to a conflict of interest and which affirms that he/she:

- 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 that USA Gymnastics is a charitable, tax-exempt entity, and that to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VIII: Periodic Reviews

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

- a. Whether Compensation arrangements and benefits are reasonable, based upon competent survey information, and are the result of arm's-length bargaining; and
- b. Whether partnerships, joint ventures and arrangements with management organizations conform to the written policies of USA Gymnastics, are properly recorded, reflect reasonable investments or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit or an Excess Benefit.

Article IX: Use of Outside Experts

When conducting any periodic reviews, USA Gymnastics may, but is not required to, use outside experts as advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that it conducts periodic reviews.

Article X: Confidentiality

Each director, officer, employee and committee member shall exercise care not to disclose any confidential information which was disclosed in any annual conflict of interest questionnaire or which was acquired in connection with any disclosure of an actual or potential conflict of interest. Furthermore, each director, officer, employee and committee member shall not use any such confidential information or other information relating to the business of USA Gymnastics for his or her personal profit or advantage or for the personal profit or advantage of a Related Person.