



A3Arts.org  
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## CONFLICT OF INTEREST POLICY

### Article I Purpose

The duty of loyalty owed by members of the Board of Directors of The Arts Alliance (the “Corporation”) requires that Directors exercise their power in the interest of the Corporation. As a tax exempt organization the Corporation also is obligated to promote the health of the community as a whole, rather than to benefit private interests.

It is the policy of the Corporation that all Directors and Officers shall scrupulously avoid any conflict, or the appearance of any conflict, between their own interests and the interests of the Corporation. The purpose of this Conflict of Interest Policy is to protect the Corporation’s interest when contemplating a transaction or arrangement that might benefit the private interest of an Officer or Director of the Corporation. This policy is intended to supplement but not replace the Bylaws of the Corporation, or any applicable state law governing conflicts of interest concerning nonprofit, charitable corporations. If any conflict exists between this policy of the Bylaws of the Corporation, the Bylaws shall control.

### Article II Definitions

1. Interested Person

A director, principal officer, or member of a committee with board delegated powers 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, 1 or more of the following:

1. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or
2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
3. 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.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if a determination is made that a conflict of interest exists.

## **Article III Procedures**

### 1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an Interested Person shall disclose the existence and nature of their Financial Interest and must be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

### 2. 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, the Interested Person shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

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

- a. An Interested Person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that result in the conflict of interest.
- b. The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

### 4. Violations of the Conflicts of Interest Policy

- a. If the board or committee has reasonable cause to believe that 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 response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **Article IV Records of Proceedings**

The minutes of the board 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.
- 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 therewith.

#### **Article V Annual Statements**

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person:

- a. has received a copy of the conflicts of interest policy,
- b. has read and understands the policy, and
- c. has agreed to comply with the policy, and understands that the Corporation is a charitable organization and
- d. that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **Article VI Periodic Reviews**

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- b. Whether any agreements, arrangements or other transactions result in inurement or impermissible private benefit.

#### **Article VII Use of Outside Experts**

In conducting the periodic reviews provided for in Article VI, the Corporation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.



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## CONFLICT OF INTEREST POLICY ANNUAL ACKNOWLEDGEMENT

YEAR \_\_\_\_\_ Due Date \_\_\_\_\_

As a member of The Arts Alliance’s board of directors or as an executive officer, I have read and agree to comply with **Conflict of Interest Policy** adopted by the board of directors. Neither I nor members of my immediate family have any relationships or engage in any activities of which I am aware that may place me in a position of having a conflict of interest with The Arts Alliance, Incorporated, except as follows:

**1. Are you an officer or director of any corporation with which The Arts Alliance, Incorporated has business dealings?**

YES     NO

If YES, please list the names of such corporations, the office held and the approximate dollar amount of business involved with The Arts Alliance, Incorporated during the past 12 months.

Name of business or corporation	Office held	Approximate dollar amount of business with The Arts Alliance

**2. Do you, or does any member of your family, have a financial interest in, or receive any income or remuneration from, any business organization with which The Arts Alliance, Incorporated has business dealings?**

YES     NO

If YES, please list the names of the business organizations in which such interest and the person(s) by whom such interest is held:

Name of business/Name of contact	Nature of business	Income or remuneration

Signature \_\_\_\_\_ Date \_\_\_\_\_

Board member name \_\_\_\_\_

Please return by email to [deb.polich@a3arts.org](mailto:deb.polich@a3arts.org)