

# **Windward Artists Guild**

## **CONFLICT OF INTEREST POLICY**

As Approved January 11, 2025

### **ARTICLE I. PURPOSE**

1. To protect the Windward Artists Guild's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Board of Directors of the Guild or might result in a possible excess benefit transaction.
2. This policy is intended to supplement but not replace state and federal laws governing conflict of interest applicable to nonprofit or charitable organizations.

### **ARTICLE II. PROCEDURES**

1. Governing Body: The Guild's authorized body to review actual or possible conflicts of interest shall be Executive Board members or a committee of the Executive Board (composed solely of directors). The members of the board or committee, as the case may be, shall not have any conflict of interest with the transaction or arrangement at issue.
2. Duty to Disclose: In connection with any actual or possible conflict of interest, a Board member must disclose the existence of the interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
3. Determining Whether a Conflict of Interest Exists: After disclosure of the interest and all material facts, and after any discussion with the person seeking the determination, he/she shall leave the governing 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.
4. Procedures for Addressing the Conflict of Interest: A conflict of interest transaction may be approved if the material facts of the transaction and the individual's interest are disclosed or known to the board or a committee of the board, and the transaction is authorized, approved or ratified by an affirmative vote of a majority of the directors either on the board or on the committee of the board, who have no direct or indirect interest in the transaction; provided, that a transaction may not be authorized, approved, or ratified by a single director. The procedures for addressing conflict of interest transactions or arrangements shall be as follows:
  - a. An interested person may make a presentation at the governing board or committee 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 governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement (appropriate data as to comparability) so that, given the knowledge and expertise of the members, the board or committee has information sufficient to determine the reasonableness or fairness of the transaction or arrangement.

- c. After exercising due diligence, the governing board or committee shall determine whether the Guild 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Guild's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the governing board or committee shall make its decision as to whether to enter into the transaction or arrangement.
- 5. Violations of the Conflict of Interest Policy: If the governing board or committee 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. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### ARTICLE III. RECORD OF PROCEEDINGS

- 1. The minutes of the governing board and all committees with board delegated powers shall contain the following:
  - a. In determining whether a conflict of interest exists: The names of the persons who disclosed or otherwise were found to have an interest in connection with an actual or possible conflict of interest, the nature of the interest, the names of the persons present for discussions and votes relating to the transaction or arrangement, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact exists.
- 2. In addressing the conflict of interest:
  - a. 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, the comparability data obtained, how it was obtained, and what data was relied upon; and a record of any votes taken in connection with the proceedings and those who approved.
  - b. The terms of the approved transaction and date it was approved; and
  - c. Any actions taken with respect to consideration of the transaction by anyone who is otherwise a member of the authorized body but who had a conflict of interest with respect to the transaction.
  - d. Such documentation must be prepared before the date of the next meeting of the authorized body or 60 days after the final action or actions of the authorized body are taken. The authorized body must review and approve the record as being reasonable, accurate and complete within a reasonable time thereafter.

#### ARTICLE IV. ANNUAL STATEMENTS

- 1. Each director, principal officer and member of a committee with governing board-delegated powers 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 the Guild 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.

#### ARTICLE V. PERIODIC REVIEWS

1. To ensure the Guild 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, and the result of arm's length bargaining.
  - b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Guild's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.