

AUGUSTANAARTS

CONFLICT OF INTEREST POLICY

Article I. Purpose

The purpose of the conflict of interest policy is to protect the interest of Augustana Arts when it is contemplating entering into a transaction or arrangement that might benefit the private interest or might result in a possible excess benefit transaction for an officer or director of Augustana Arts or a member of one of its committees. This 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. Interested Person

If a person is a director, officer, or member of a committee that has the power to bind Augustana Arts, and if that individual has a direct or indirect financial interest (as defined below); he or she is defined as an Interested Person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family relationship:

- a. An ownership investment interest in any entity with which Augustana Arts has a transaction or arrangement;
- b. A compensation arrangement with Augustana Arts or with any entity or individual with which Augustana Arts has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with whom Augustana Arts is negotiating a transaction or arrangement. As used herein, "compensation" includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. As used herein, "transactions and arrangements" with Augustana Arts do not include customary charges paid by members such as dues, concert tickets and normal purchases of products and services.

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 the appropriate board or committee decides that a conflict of interest exists.

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 the financial interest and be given the opportunity to disclose all material facts to the other members of the board or the committee 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, he or she 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

the presentation, he or 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 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 Augustana Arts 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 or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in Augustana Arts' best interest, for its own benefit, and whether it is fair and reasonable. In the conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the 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.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the 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 IV. Records of Proceedings

The minutes of the board or committee meeting 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 name 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 with the proceedings.

Article V. Compensation

Augustana Arts shall not pay compensation to any director or member of a committee. Reimbursement of expenses are permissible.

Article VI. Periodic Reviews

To ensure Augustana Arts operates in a manner consistent with tax-exempt 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 Augustana Arts' policies, are properly recorded, reflect reasonable investment or payments for goods and services, further tax-exempt purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.