

**BOARD POLICY MANUAL  
OF  
THE LINDA LYNCH FOUNDATION FOR MUSIC AND MOVEMENT**

As duly adopted by the Board of Directors  
on the date: March 5, 2025

With Conflict of Interest and Dispute Resolution Policies

Prepared by  
Wagenmaker & Oberly, LLC

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### CERTIFICATION OF ADOPTION OF POLICIES

The undersigned, being a duly elected officer of The Linda Lynch Foundation for Music and Movement (the "Corporation"), an Illinois not-for-profit corporation, hereby certifies that the attached policies were adopted by the official act of the Board of Directors and the same do constitute the policies of the Corporation.

3/5/25

Date



Signature

Secretary

Title

# **CONFLICT OF INTEREST POLICY**

## **1 PURPOSE**

The purpose of this Conflict of Interest Policy is to protect the Corporation and its tax-exempt status when the Corporation is contemplating entering into a transaction or arrangement that involves certain individuals that have a special relationship with the Corporation, either directly or through family or business relationships. The law imposes a fiduciary duty on the Corporation's directors, which carries with it a broad and unbending duty of loyalty to the Corporation. The directors have the responsibility of administering the Corporation's affairs honestly and prudently, and of exercising their best care, skill, and judgment for the Corporation's sole benefit. As such, they shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Corporation or knowledge gained therefrom for improper private benefit. The interests of the Corporation must be the first priority in each director's decisions and actions. This Policy is intended to supplement but not replace applicable laws governing conflicts of interest for nonprofits.

## **2 DEFINITION OF INTERESTED PERSON AND CONFLICT OF INTEREST**

### **2.1 Interested Person**

An "Interested Person" shall include:

- a) any director, officer, member of a committee with board-delegated power, or key employee of the Corporation (an employee with decision-making authority);
- b) a substantial contributor to the Corporation;
- c) any family member of the individuals described above<sup>1</sup>; and
- d) any corporation, trust, or other entity in which persons described above hold more than 35 percent of the total combined voting power.

### **2.2 Conflict of Interest**

A "Conflict of Interest" is any transaction or arrangement involving the Corporation, which directly or indirectly benefits an Interested Person.

## **3 ANNUAL STATEMENTS**

### **3.1 Annual Affirmations**

Each director, officer, member of a committee with board-delegated power, or key employees of the Corporation shall annually sign a statement which affirms that such person:

- a) has received a copy of this Policy;
- b) has read and understands the Policy;
- c) has disclosed on the annual statement all known potential Conflicts of Interest that may arise, or have arisen; and

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<sup>1</sup> A person's family is limited to: (i) Spouse; (ii) Brothers or sisters (by whole or half-blood); (iii) Spouses of brothers or sisters (by whole or half-blood); (iv) Ancestors; (v) Children; (vi) Grandchildren; (vii) Great-grandchildren; and (viii) Spouses of children, grandchildren, and great-grandchildren.

- d) agrees to comply with the Policy.

### **3.2 Recordkeeping**

The Corporation's Board of Directors shall maintain a record of other known potential Conflicts of Interest that may arise, or have arisen with Interested Persons not otherwise disclosed under Section 3.1.

## **4 PROCEDURES FOR ADDRESSING CONFLICTS OF INTEREST**

### **4.1 Loyalty to the Corporation**

The Corporation must be careful in undertaking transactions with Interested Persons to ensure that the transaction is in the best interest of the Corporation and that the Interested Person is not receiving an improper private benefit. This may include, but is not limited to, those transactions involving Interested Persons with decision-making authority in the Corporation.

### **4.2 Duty to Disclose and Recuse from Discussion and Vote**

Interested Persons with decision-making authority in the Corporation have a duty to disclose the existence of a potential Conflict of Interest in any proposed transaction or arrangement under consideration by the Corporation. After disclosure of the interest and all material facts related thereto by the Interested Person, including any initial questioning by the independent individuals on the board or committee, the Interested Person with the Conflict of Interest shall recuse himself or herself and is not permitted to participate in any discussion or vote, on the transaction or arrangement.

### **4.3 Investigation and Due Diligence Analysis**

The Corporation has a duty to investigate alternatives to any proposed transaction or arrangements involving Interested Persons to determine whether the proposed action is in the best interest of the Corporation. If appropriate, the Chair of the Board may appoint a disinterested person or committee to perform this investigation. 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.

### **4.4 Decision-Making Process**

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 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.

### **4.5 Contemporaneous Reporting**

The acts taken to comply with this Policy, including the disclosure of the Conflict of Interest, investigation thereafter, explanation of the decision-making process, including the explanation of why the proposed action is or is not in the best interest of the Corporation, and the individuals voting on the proposed transaction, shall be contemporaneously recorded in writing by the Corporation in the minutes of the meeting, together with any comparability data or other supporting documentation.

## **5 VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY**

If the board or committee has cause to believe that a director, officer, member of a committee, or key employee has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and provide an opportunity to explain the alleged failure to disclose.

If, after hearing the response and making such further investigation as may be warranted in the circumstances, the independent board or committee determines that he or she has in fact knowingly failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, including suspension or removal from his or her position with the Corporation.

## **6 COMPENSATION AND AVOIDING EXCESS BENEFITS**

### **6.1 Duty to Recuse for Compensation**

An Interested Person who receives compensation, directly or indirectly, from the Corporation for services, whether as an employee or an independent contractor, is precluded from voting on matters pertaining to his/her compensation or any benefits provided by the Corporation to the individual.

### **6.2 Review of Compensation Arrangements**

All compensation arrangements between the Corporation and an Interested Person shall be reviewed at least every other year by the Corporation to assure that compensation is reasonable and is the result of arms-length bargaining. Decisions regarding compensation shall be made only after the Board or an appropriate independent committee examines relevant financial information regarding compensation received by similarly situated individuals for similar services performed. A copy of such relevant comparable financial information, including a description of how the data was obtained, shall be maintained as a part of the records of the board or appropriate committee making such compensation decision.

## **DISPUTE RESOLUTION POLICY**

In the event a dispute may arise between directors, officers, executive staff, or committee members regarding any matter under these Bylaws or otherwise affecting the Corporation, and except as specifically provided otherwise in the Corporation's Bylaws regarding confidentiality, the parties to the dispute shall submit the circumstances and issues in dispute for mediation or arbitration as follows.

### **1 MEDIATION**

#### **1.1 Neutral Mediator**

The parties shall promptly retain a mutually-agreed upon neutral mediator. The goal of the mediation process and the mediator is to bring about an amicable, voluntary resolution of the dispute, and the parties shall make a good faith effort to work with one another and the mediator to effect such a resolution of their dispute.

#### **1.2 Source of Mediator**

Such mediator shall be retained from a reputable source or organization such as the Center for Conflict Resolution (located in Chicago, Illinois) or JAMS, Inc.

#### **1.3 Selection of Mediator**

In the event that the parties cannot agree on a mediator, then each party shall select a mediator. The two individually selected mediators shall jointly identify a third mediator, who then will be responsible for facilitating a binding resolution of the parties' dispute at a mutually agreed upon time and place.

#### **1.4 Conducting the Mediation**

The mediation shall be conducted in accordance with the rules of the organization from which the mediator who facilitates the parties' dispute is retained. Notwithstanding the foregoing, any and all mediation conferences shall be private and all communications therein confidential unless the parties otherwise agree.

#### **1.5 Fees and Costs of Mediator**

The fees and costs of the mediator who facilitates the mediation shall be borne equally by the parties. The fees and costs of any mediator whom a party retains individually shall be borne by that party.

#### **1.6 Mediator's Sole Discretion**

The mediator shall have sole discretion to make the determination that the parties have reached an impasse and no voluntary resolution will be forthcoming.

### **2 ARBITRATION**

If the parties cannot reach a resolution through mediation, and the mediator makes the determination that the parties have reached an impasse and no resolution will be forthcoming, the parties shall submit the matter for arbitration.

## **2.1 Choice of Arbitrator**

### **2.1.1 Single Arbitrator**

The parties may agree on a single arbitrator.

### **2.1.2 Arbitration Panel**

Alternatively, each party to the dispute shall select an impartial, disinterested person to be part of the arbitration. The persons so selected shall appoint one or more additional person(s) as may be necessary to provide an odd numbered arbitration panel and such additional person(s) shall be similarly qualified as to all of the parties in conflict.

## **2.2 Binding Arbitration**

When the single arbitration or arbitration panel is identified, the matter shall proceed to binding arbitration.

## **2.3 Compensation for Arbitration**

Compensation for the arbitration shall be paid equally by the parties.

## **3 SOLE LEGAL REMEDY**

These methods shall be the sole legal remedy for any controversy or claim described herein. No party shall bring any dispute under the Corporation's Bylaws to any court of law or chancery except to enforce a mediation agreement or arbitration decision and except as otherwise provided in the Confidentiality provision of the Corporation's Bylaws. Notwithstanding anything to the contrary, this Dispute Resolution Policy shall be subject to the approval of any insurance carrier providing coverage for the Corporation.