

# **CENTRAL TEXAS PASTEL SOCIETY CONFLICT OF INTEREST POLICY**

## **ARTICLE I: PURPOSE**

In order to protect the nonprofit organization's interests when it is contemplating a transaction or arrangement that might benefit the private interests of an officer or director of the corporation, the Board of Directors of the Central Texas Pastel Society ("Society") hereby adopts the following policy with respect to Board composition, payments to Board members, and conflict of interest.

This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

## **ARTICLE II: PRINCIPLES**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

Individuals who are neither compensated themselves, nor related to individuals who are compensated, shall constitute a majority of the Board of Directors.

Primary responsibility for making all decisions subject to this policy shall rest with the Board of Directors of Central Texas Pastel Society. The Board may delegate decisions subject to this policy to a committee composed of individual Board members unrelated to, and not subject to the control of, the person(s) involved in the proposed transaction.

In matters of compensation, no Board member may receive compensation from Central Texas Pastel Society which exceeds the value of the services provided for such compensation. In any other transaction, no Board member shall receive economic benefits from Central Texas Pastel Society which exceed the consideration provided for such transaction.

Deliberation, voting, and written documentation of all arrangements subject to this policy shall take place before Central Texas Pastel Society makes payments of any kind.

## **ARTICLE III: BASIS FOR DECISION-MAKING**

In making decisions subject to this policy, the Board of Directors, or decision-making

committee, shall, to the best of its ability, obtain and rely upon appropriate data as to comparability, such as

- information about compensation paid by similarly situated organizations for similar goods or services;
- current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations.

## **ARTICLE III: PROCEDURES**

### **3.1 Duty to Disclose**

In connection with any actual or possible conflict of interest, a director or member must disclose the existence of a financial 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.

### **3.2 Determining Whether Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after discussion with the interested person, 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.

### **3.3 Procedures for Addressing Conflict of Interest**

After exercising due diligence, the governing board or committee shall determine whether the Corporation 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 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 Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the determination, it shall make its decision as to whether to enter into the transaction or arrangement.

### **3.4 Violations of Conflicts 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 IV: RECORDKEEPING**

The basis for each decision subject to this policy shall be fully documented, including:

- the names of the persons who were found to have a financial interest in connection with an actual or possible conflict of interest and the nature of the financial interest;
- the governing board or committee decision as to whether a conflict of interest in fact existed;
- the names of the persons 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;
- a record of any votes taken in connection with the proceedings.

#### **ARTICLE V: COMPENSATION**

A voting member of the governing board or any committee who receives compensation, directly or indirectly, from the Corporation for services, is precluded from voting on matters pertaining to that member's compensation.

#### **ARTICLE VI: ANNUAL REVIEW**

Each Board member and member of a committee with governing board delegated powers shall:

- receive, read and agree to comply with this Conflict of Interest Policy;
- recognize that in order for the Corporation to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **ADOPTION OF CONFLICT OF INTEREST POLICY**

This Conflict of Interest Policy for Central Texas Pastel Society was approved and adopted by the Board of Directors on this 23 day of June, 2017.

  
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President

  
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Secretary