

Main Line Art Center

Conflict of Interest Policy

CONFLICT OF INTEREST POLICY- EXECUTIVE SUMMARY - APRIL 2015

Purpose/Background: A clear and workable conflict of interest policy is essential for a non-profit organization. The attached proposed policy identifies situations that may present conflicts of interest and sets forth procedures for avoiding or handling conflicts. If adopted by the Board, this policy will replace the current policy. The current policy covers the procedure for handling conflicts but has been less useful in identifying conflict situations. The proposed policy was prepared with help from Rick Umbrecht, Amie Potsic, Thomas Scurto-Davis, and the Governance Committee.

Elements of the Policy

1. The introduction and statement of purpose cover the broad purpose and rationale for the policy.
2. Definitions
3. Identification and description of various conflicts of interest- these break down into four categories- financial, organizational, misuse of confidential information, or misuse of official position.
4. Procedures for disclosure and handling of conflicts- in particular, these include the requirement to abstain from discussing or voting on a matter where a conflict exists.
5. Conflict form

Parts of the policy may seem repetitive. This is intentional to a degree, because of the need to bring home the importance of avoiding and managing conflicts. (These policies are rarely examples of good writing!)

TDR

4/9/2015

Introduction

This policy pertains to Main Line Art Center Board members, officers, staff members, and Committee members (collectively “MLAC personnel”). The purpose of this policy is to prevent situations where the individual interests of MLAC personnel interfere with these individuals’ duties to MLAC. MLAC personnel may not obtain personal financial, professional, or political gain at the expense of MLAC or its members, supporters, and other stakeholders.

Board members, officers, staff members, and Committee members choose to serve MLAC because they are experienced, knowledgeable, and committed to the Art Center’s mission. These same individuals are often active and involved in the community. The potential for a conflict or the appearance of a conflict is actually greater with people who are active and vital participants in many areas of our community. Each of our personal, business and other charitable activities, including relationships with others, may affect our responsibilities to MLAC. It is essential that MLAC personnel take care to avoid conflicts of interest or the appearance of a conflict of interest. These conflicts of interest can undermine our judgment and our responsibility to MLAC and, as a result, may jeopardize MLAC’s mission and reputation.

Because this policy cannot address every situation and because issues continue to develop that this policy cannot anticipate, if anyone has questions about whether a particular relationship or conduct complies with or violates this policy, that individual should seek assistance from the Board President or the Executive Director.

Statement of Purpose and Policy

MLAC requires the highest standards of ethical conduct from of all MLAC personnel. All MLAC personnel are expected to carry out responsibilities for MLAC with integrity and respect and with the highest standards of business and personal conduct.

In furtherance of this policy, MLAC personnel shall avoid conflicts of interest and shall disclose potential conflicts of interest in accordance with the following procedures and guidelines.

Definitions:

Conflict of Interest (also Conflict) means a conflict, or the appearance of a conflict, between any MLAC personnel’s private interests and that individual’s duties and responsibilities to MLAC.

Board means the Board of Directors.

Director means an individual member of the Board of Directors.

Financial Interests include any direct or indirect financial interest in, or any other private financial benefit from, any business or profession that has dealings with MLAC. The interests of a spouse/domestic partner, minor child or other relative by blood or

marriage or household member of MLAC personnel are treated as indirect financial interests of MLAC personnel.

Member means an individual or entity that has paid current membership dues to MLAC.

Officer means an officer of the Board of Directors.

Staff Member means a person who receives all or part of her/his income from MLAC.

Committee Member means a member of a Committee or Advisory Board organized by the Board or established pursuant to the MLAC By-Laws.

Supporter means corporations, foundations, individuals, 501(c)(3) nonprofits, and other nonprofit organizations who contribute to MLAC.

Particular Conflicts of Interest

1. Financial Conflicts of Interest include the following:
 - A. A *contract or financial transaction* between MLAC and an entity in which an MLAC Board or staff member (or that person's spouse) has a direct or indirect financial interest. In this situation, the affected MLAC personnel must not participate in the selection, award, or administration of the contract on behalf of either MLAC or the other entity.
 - B. *Special consideration* given to MLAC personnel in the form of a kickback, bribe, gratuity, incentive, substantial gift, or other item of value (including free or discounted participation in an activity) in exchange for MLAC's business dealings with an individual or entity or where doing so may improperly influence or appear to influence sound business judgment on behalf of MLAC. In selecting vendors and suppliers, MLAC personnel shall ensure that MLAC receives fair and competitive prices and quality services by maintaining objectivity in the selection process by building relationships based upon integrity and trust.
2. Organizational Conflicts include situations in which individual MLAC personnel are directly or indirectly involved with an organization that enters into a transaction with MLAC or has an adverse interest to MLAC, such as (1) employment with an entity that provides significant funding to MLAC or (2) membership in an organization (whether for profit or nonprofit) whose goals or position on a particular issue is contrary to MLAC's interests or position. MLAC personnel in these situations shall refrain from discussing or voting on the matter for both the other organization and MLAC, and shall disclose the conflict to both organizations, while taking care not to disclose any MLAC confidential information.
3. Misuse of Confidential MLAC Information. In its operations, MLAC obtains information from contributors, patrons, and exhibitors who trust that MLAC will use such information in confidence and only for the benefit of the Art Center.

MLAC personnel owe a duty to MLAC not to disclose confidential information or use this information for personal or private benefit. Therefore, MLAC personnel shall maintain in confidence information learned during the course of their employment with or service to MLAC when that information is not generally available to the public. This includes personal and financial information from MLAC contributors and students but does not include information that is already in the public domain. Misuse of this information for any private gain or personal benefit is a violation of this conflict of interest policy. Examples of such misuse include use or disclosure of individual financial information; offering personal services to an entity doing business with MLAC based on the entity's confidential information; or investing or recommending for investment the securities of a privately owned company engaged in substantial work for MLAC, without having first secured the approval of the Board President.

4. Use of Official Position with MLAC to obtain a benefit for any MLAC personnel or anyone with family, business, or financial ties to MLAC personnel, such as (a) coercing, or appearing to coerce, another person to provide a benefit; (b) obtaining, or appearing to obtain private gain; or (c) to becoming financially interested, either directly or indirectly, in any contract, sale, purchase, lease or transfer of real or personal property to which MLAC is a party.

Disclosure and Administration

To be effective, this conflict of interest policy requires MLAC personnel to disclose any actual or potential conflict of interest to the MLAC Board and to the Executive Director. This disclosure will enable MLAC to assess the nature of the conflict. Under appropriate circumstances, MLAC may be able to go forward with a transaction in which a potential conflict of interest exists by ensuring that any individual with a conflict takes no part in influencing, making, or carrying out the decision to go forward with the transaction. This procedure would include not only the disclosure of a potential conflict but abstaining from voting on particular transactions and refraining from advocating such transactions.

In order to administer MLAC's conflict of interest policy, MLAC requires the following disclosures of relationships or interests by MLAC personnel as such relationships develop:

1. Board members and employees are to disclose all service on boards/committees of other organizations. NOTE: Aside from identifying potential conflicts of interest, this disclosure helps MLAC to build networks within the community.
2. Board members shall disclose any relationships to any other board member or staff member by blood, marriage or domestic partnership.
3. Staff members shall disclose any blood, marriage, or domestic partner relationship with any other staff member in a supervisor/subordinate relationship.
4. A Board or staff member shall disclose any situation in which the Board or Staff member or an organization with which a Board or staff member is affiliated will benefit directly or indirectly from a decision to approve or disapprove a transaction in which MLAC is involved.

In any transaction in which a potential conflict of interest exists, the Board may authorize or reject the transaction or take any other action deemed necessary to address the conflict and protect MLAC's best interests. Any vote to authorize or reject a transaction shall be by a majority vote without counting the vote of any interested director, even if the disinterested directors are less than a quorum provided that (a) at least three disinterested directors vote at the meeting and (b) the existence of interested directors and decisions and any special voting procedures be included in the minutes of said meeting to be circulated to and approved by the Board at the next Board meeting. Any interested Board member, officer, or staff member shall not participate in any discussion or debate of the Board, staff, or of any committee or subcommittee thereof in which the subject of discussion is a contract, transaction, or situation in which there may be a perceived or actual conflict of interest. However, the interested individual may be present to provide clarifying information in such a discussion or debate unless objected to by any present board or committee member.

Anyone in a position to make decisions about spending resources (i.e., transactions such as purchase contracts) – who also stands to benefit from that decision – has a duty to disclose that conflict as soon as it arises (or becomes apparent); the individual with such an interest may not participate in any final decisions.

A copy of this policy shall be given to all Board members, officers, staff members, and Committee members upon commencement of such person's relationship with or at the official adoption of stated policy. Each board member, officer, staff member and Committee member shall sign and date the policy at the beginning of her/his term of service or employment and each year thereafter. Failure to sign does not nullify the policy.

This policy and disclosure form must be filed annually by all specified parties.

Main Line Art Center

Individual Conflict-of-Interest Annual Compliance and Disclosure Statement for Board of Directors, Employees, Staff, and Committee members

I have read and understand the Conflict of Interest Policy of Main Line Art Center and have considered both its literal meaning and its intent. I understand that I am expected to complete this form annually, and that I must disclose any additional potential conflicts of interest as they arise by submitting written notification of any known conflicts to Main Line Art Center, and disclose any other conflicts that may arise as a part of any Main Line Art Center board meeting discussion immediately at the meeting. My signature below affirms my compliance with this Conflict of Interest Policy, including the disclosure of any and all conflicts of which I am aware, described below.

Signature

Date

Print Name