



Conflict of Interest Policy

There are several types of conflicts of interest that can arise between the organization and members of the Board of Directors. These conflicts are described and are to be addressed as follows:

Financial Conflict of Interest:

A financial conflict of interest arises when there is a transaction or arrangement with Cottage Theatre in which a director or officer has a direct or indirect interest.

- A director or officer has a direct interest in any transaction or arrangement if the director or officer, or a member of the director's or officer's family, has a financial interest in the transaction or arrangement.
- A director or officer has an indirect interest in any transaction or arrangement if the director or officer or a family member:
 - Has a financial interest or potential financial interest in any entity or individual involved in the transaction or arrangement;
 - Has a compensation arrangement with any entity or individual with which this organization has a transaction or arrangement; or
 - Is a director, officer or trustee of a profit or non-profit entity involved in the transaction or arrangement and the transaction or arrangement is of such importance that it is or should be considered by the board of that non-profit entity.

All financial conflicts of interest must be disclosed to the Board of Directors. In each case, the Board will decide if the transaction or arrangement shall stand.

Conflicting Organization Interests:

Some Board members may serve more than one organization in the community. Such service may create conflicts most commonly in the area of funding, including confidential information about grantmaking groups, donors and other organization supporters. Such conflicts must be disclosed and considered by the Board.

Hiring of Board Members and Their Family Members:

Any decision to hire a Board Member or a member of a Director's family as a paid employee of the organization must be disclosed and the final decision on the hire made by the Board of Directors. In the case of a Board Member or family member who works periodically on a temporary basis, Board approval shall only be needed once to ratify the arrangement.

Use of Organizational Property:

Board members, employees, and volunteers shall not be granted special privileges for the use of organizational property. Any requests for use of the Theatre facilities by a

Board Member shall be subject to the organization's standard rental policies and shall be approved by the Board of Directors.

Political Activities:

Board members, employees, and volunteers shall not use their affiliation with the Cottage Theatre or use the theatre's facilities for political purposes. To do so runs afoul of IRS restrictions on public charities participating in political activities.

Procedures for all Types of Conflicts of Interest:

Any director or officer with knowledge of an actual or potential conflict of interest on the part of themselves or any other director or officer of this organization shall inform the entire board of the conflict. The board shall obtain disclosure of the financial or other interest and all material facts. After any discussion with the interested person, the interested person shall leave the meeting while the board determines if a conflict of interest exists. If the board determines that a conflict of interest exists, the board shall follow these procedures to address the conflict of interest.

- The interested person may make a presentation to the board but after the presentation shall leave the meeting during the discussion of and the vote on the transaction or arrangement involving the conflict of interest.
- The board shall investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the board shall determine whether the transaction or arrangement is fair to the organization. The transaction must be approved by a majority of all the members of the board in attendance who have no direct or indirect interest in the transaction so long as a quorum is present.

Records of the proceedings:

For each potential conflict of interest that comes before the board, the board minutes shall contain the following:

- The names of the person(s) who had a conflict of interest.
- The nature of the conflict of interest.
- A summary of the discussion to determine if a conflict was present.
- The vote as to whether a conflict was present.
- The names of the directors and officers present for the discussion and vote.
- A summary of the discussion of the acceptance or rejection of the transaction or arrangement.
- The vote taken on the acceptance or rejection of the transaction or arrangement.