

CONFLICTS OF INTEREST POLICY SOUTHEASTERN THEATRE CONFERENCE, INC.

Purpose

The purpose of this Conflicts of Interests Policy is to protect the Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Definitions

For purposes of this policy, the following definitions shall apply:

1. Interested Person

"Interested Person" shall mean any director or officer who has a direct or indirect Financial Interest (as defined below).

2. Financial Interest

A "Financial Interest" exists if an Interested Person has, directly or indirectly, through business, investment or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation agreement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in or compensation agreement with any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. Under this policy, a person has a conflict of interest, only if the board of directors decides that a conflict of interest exists. A conflict may exist where an interested party directly or indirectly benefits or profits as a result of a decision, policy or transaction made by Southeastern Theatre Conference (hereafter referred to as "SETC"). Examples include situations where:

- SETC contracts to purchase or lease goods, services, or properties from an interested party.
- SETC offers employment or compensation to an interested party or an entity with which the interested party has a direct or indirect financial interest, other than a person who is already employed by SETC.
- An interested party is provided with a gift, gratuity, or favor of a substantial nature from a person or entity that does business or seeks to do business with SETC.
- An interested party is gratuitously provided use of the facilities, property, or services of SETC.

- SETC adopts a policy that financially benefits an interested party.

Other Interests - A conflict also may exist where an interested party obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with SETC. Examples include where:

- An interested party seeks to obtain preferential treatment by SETC or recognition for himself/herself or another interested party.
- An interested party seeks to make use of confidential information obtained from SETC for his/her own benefit (not necessarily financial) or for the benefit of another interested party.
- An interested party seeks to take advantage of an opportunity or enables another interested person or other organization to take advantage of an opportunity that he/she has reason to believe would be of interest to SETC.
- SETC adopts a policy that provides a significant nonfinancial benefit to an interested party.

A conflict of interest exists only when the Board of Directors decides there is a conflict.

Disclosure of Potential Conflicts of Interest

An interested party is under a continuing obligation to disclose any potential conflict of interest as soon as it is known or reasonably should be known.

The disclosure statement and Affirmation of Compliance (Appendix A) shall be submitted upon his/her association with SETC, and shall be reviewed annually thereafter. An additional disclosure statement shall be filed whenever a potential conflict arises.

Disclosure statements will be submitted as follows. For board members, the disclosure statements shall be provided to the President of the board. The President's disclosure statement shall be provided to the Secretary of the board or its equivalent.

The Secretary of the Board of Directors shall file copies of all disclosure statements with the official corporate records of SETC.

Procedures for Review of Potential Conflicts

Whenever there is reason to believe that a potential conflict of interest exists between SETC and a Board member, staff members or other interested party, the Board of Directors shall determine the appropriate response. This shall include, but not necessarily be limited to, invoking the procedures described below with respect to a specific proposed action, policy or transaction. The designated reviewing official has a responsibility to bring a potential conflict of interest to the attention of the board promptly for action at the next regular meeting of the board or during a special meeting called specifically to review the potential conflict of interest.

Procedures for Addressing Conflicts of Interest

Where a potential conflict exists between the interests of SETC and an interested party with respect to a specific proposed action, policy or transaction, the Board of Directors shall consider the matter during a meeting of the board. SETC shall refrain from acting until such time as the

proposed action, policy or transaction has been approved by the disinterested members of the Board of Directors of SETC. The following procedures shall apply:

An interested party who has a potential conflict of interest with respect to a proposed action, policy or transaction of the corporation shall not participate in any way in, or be present during the deliberations and decision-making vote of SETC with respect to such action, policy or transaction. However, the interested party shall have an opportunity to provide factual information about the proposed conflict and/or action, policy or transaction. Also, the board may request that the interested party be available to answer questions.

- The disinterested members of the Board of Directors may approve the proposed action, policy or transaction upon finding that it is in the best interests of SETC. The board shall consider whether the terms of the proposed action, transaction or policy are fair and reasonable to SETC and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.
- Approval by the disinterested members of the Board of Directors shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An interested party shall not be counted for purposes of determining whether a quorum is present, or for purposes of determining what constitutes a majority vote of directors in attendance.
- The minutes of the meeting shall reflect that the conflict disclosure was made to the board, the vote taken and, where applicable, the abstention from voting and participation by the interested party. Whenever possible, the minutes should frame the decision of the board in such a way that it provides guidance for consideration of future conflict of interest situations.

Documentation

The minutes of the governing board and all committees with board delegated powers 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 nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing 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 discussion 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.

Violations of Conflict of Interest Policy

If the Board of Directors has reason to believe that an interested party has failed to disclose a potential conflict of interest, it shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose.

If the board decides that the interested party has in fact failed to disclose a possible conflict of interest, the board shall take such disciplinary and corrective action as the board shall determine.

Periodic Reviews

To ensure the Organization operates in a manner consistent with its educational and charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews of compliance with this policy 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 any management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII herein, the Organization may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the board of directors of its responsibilities for ensuring periodic reviews are conducted.

Accepted by the Executive Board of Directors on: May 22, 2011
President: Alan Litsey

TO THE BOARD OF DIRECTORS:

I, the undersigned, hereby state, confirm and agree as follows:

1. I have received a copy of the Conflicts of Interest Policy (the "Policy") of Southeastern Theatre Conference, Inc. (the "Organization"),
2. I have read and understand the Policy.
3. I agree to comply with the Policy.
4. I understand that the Organization is educational and charitable and that, in order to obtain and thereafter maintain its federal tax exemption, the Organization must engage primarily in activities which accomplish one or more of its tax exempt purposes.

Sign Name: _____

Print Name: _____

Title(s): _____

Date: _____