

ARTICLES OF ORGANIZATION OF THE SOUTHERN ALLIANCE OF FANDOM ENTHUSIASTS

CHARTER

Article I: Name

The name by which this corporation shall be known is the Southern Alliance of Fandom Enthusiasts, Inc., hereinafter designated as SAFE.

Article II: Duration of the Organization

This corporation shall exist perpetually unless otherwise provided for in the CHARTER and BYLAWS of SAFE.

Article III: Type of Organization

The Southern Alliance of Fandom Enthusiasts is organized as a not-for-profit corporation under the laws of North Carolina for literary, educational and charitable purposes. Federal income tax exemption as a literary, educational or charitable group shall be obtained under the Internal Revenue Code, Section 501(c)(3), or such future acts as may replace it.

Article IV: Purpose of the Organization

The purposes of SAFE shall include:

- (1) The sponsorship and operations of conventions and public events for the benefit of all persons interested in Science Fiction and Fantasy in all its forms, including, but not limited to, literature, art, gaming, theater, costuming, film and television;
- (2) The sponsorship and operations of conventions and public events to increase interest and awareness and/or to present and/or promote Science Fiction and Fantasy works in, but not limited to, some or all of the forms listed in paragraph one of this Section;
- (3) The publication of such materials as may further the above purpose or provide general information to the groups and events defined in paragraphs one and two of this Section;
- (4) To directly engage in and provide facilities for others to engage or participate in the promotion and encouragement of activities related to the areas of interest described in paragraph one of this Section;
- (5) The conduct of fund raising events for charitable activities and organizations;
- (6) The acquisition, operation, and subsequent disposal of such real and personal property as may be conducive to the furtherance of the above purposes by purchase, lease, rental, charter, or other legal methods;
- (7) To engage in other activities of a charitable, educational or literary nature and to carry on any business in the furtherance of said activities as permitted by section 501(c)(3) of the Internal Revenue Code of the United States of America.

Article V: Membership In The Organization

This Corporation shall have no members

Article VI: Other Provisions

No part of the net earnings of SAFE shall inure to the benefit of, or be distributed to, its directors, officers, or other private persons, except that SAFE shall be authorized and empowered to pay reasonable compensation for services rendered and make payments and distributions in furtherance of the purposes set forth in the Articles of Organization and in any amendments thereto. No substantial part of the activities of SAFE shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and SAFE shall not participate in or intervene in (including publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision in the Articles of Organization, SAFE shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of SAFE.

Upon the dissolution of SAFE, the Officers having the powers of directors shall, after paying or making provision for the payment of all liabilities of SAFE, dispose of all of the assets of SAFE exclusively for the purposes of SAFE, and shall distribute the assets in such a manner, or to such organization or organizations as shall at the time qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States Internal Revenue Law), as said Officers shall determine. Any of the assets not so disposed of shall be disposed of by the appropriate North Carolina Court having jurisdiction, exclusively for such purposes as stated above, or to such organization or organizations qualifying as stated above, as said Court shall determine.

The initial registered agent, as well as the incorporator, will be Christopher Hensley, whose address, 12421 Hardee Road, Raleigh, NC 27614, will serve as the initial registered office and the principle office of this Corporation.

BYLAWS

I. BOARD OF DIRECTORS

1. A person becomes a Director by being invited to join and nominated by the current Directors, being accepted by a quorum vote from the Board of Directors and, if accepted, paying the required dues no later than 90 days after the closing of the vote. A quorum shall be at least 2/3 in favor by the Directors.
2. The initial Directors of SAFE shall be: Everette Beach, Warren Buff, Danridge Caldwell, Christopher Garcia, Kerry Gilley, Christopher Hensley, Kat Hibpshman, Dina Krause, Sidney Krause, Kelly Lockhart, Brendan Lonehawk, Tim Miller, Michael Pederson, Gary Robe, and Anthony Ruggiero.
3. Founding Directors are Directors who were involved in the initial creation of the corporation and paid their dues on or before January 25th, 2009. These Directors were exempt from the nomination and election requirements as described in Section 1.
4. Whenever a Director is four or more months behind in their supporting fees, their Directorship shall automatically expire.
5. Dues paid in advance are non-refundable if the Director resigns or is removed.
6. A director will be said to be in good standing if he or she participates actively in the management of SAFE. This includes but is not limited to physical or electronic attendance at meetings or participation in votes. If a director does not meet the above requirements a motion may be made for a vote of no confidence. A two-thirds (2/3) majority vote is required to remove the director's status as being in good standing.
7. After reasonable attempts have been made to contact a director who is no longer in good standing he or she has ninety (90) days to meet the participation requirements and return to good standing. After the

ninety (90) day period a vote may be called to remove this director. A two-thirds (2/3) majority is required to remove the director. At any time a simple majority vote may return the director to good standing, provided that he or she meets the activity requirements above.

8. The corporation shall have a maximum of forty (40) Directors and collectively they shall be known as the Board of Directors. No individual may hold more than one (1) seat on the Board at any given time.

9. The duties of the Directors shall be to:

- a. Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this corporation, or by any of these bylaws;
- b. Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensations, if any, of all Officers, agents, and employees of the corporation;
- c. Supervise all Officers, agents, and employees of the corporation to assure that their duties are performed;
- d. Meet at such times and places required by these Bylaws;
- e. Register their addresses, telephone numbers and email addresses with the Secretary of the corporation. Notices of meetings mailed or e-mailed to them at such addresses shall be valid notices thereof.

10. To retain their vote while the corporation is bidding for a national or regional convention that rotates between cities or countries, Directors must buy a Patron Level Presupporting Membership (\$100) for that convention, and pay Supporting Fees of \$50 a year. Such conventions may include, but are not limited to, the World Science Fiction Convention (Worldcon), the North American Science Fiction Convention (NASFiC), the World Fantasy Convention, and/or the World Horror Convention.

However:

- a. If the Chair agrees that a Director has a financial hardship, and no other Director calls for a vote, with such vote going against the hardship ruling, the \$100 Patron Level Presupporting Membership may be paid for in four (4) quarterly installments.
- b. If a Director is elected after this organization wins the right to hold a convention as described in the beginning of Section 12, but before that convention is held, he or she must pay a support fee of \$25 per year total, in advance, plus obtain an Attending Membership in that convention.
- c. Supporting Fees may be certified as Donated in Kind by the Treasurer and one other Officer if equivalent goods or professional services have been donated. An Officer may not certify a donation which he or she made. In the event that the Treasurer makes a Donation in Kind, the President and one other Officer may certify the donation.

11. Directors should have at least five (5) years experience as workers on Science Fiction/Fantasy or Mystery Fiction/Related conventions or conferences, and shall abide by the SAFE Charter and Bylaws.

12. Directors must be at least eighteen (18) years of age and legally able to enter into a contract in the State of North Carolina. They cannot have been previously removed from the Board of Directors. No more than 50% of the Officers may be from outside the Southern States. For the needs of these bylaws `Southern States' shall refer to Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas, and West Virginia, or the District of Columbia.

13. The terms of all Directors run until June 1, 2013 (somewhat less than 5 years for the first Directors). At that time the Board shall be divided into three (3) classes, equally, based on seniority in office. (For the original Directors, this shall depend on the date they signed the charter.) If the number of Directors is not divisible by three (3), then the most senior class will be the one that is smaller than the other two (2). The most senior class shall then be voted back in, or out, each as individuals, by those in the other two class. Those voted back in shall vote with the least senior class on the middle class. Then those voted back in from the first two class shall vote on the third. Following this, votes shall be made to elect a Chair (President), a Vice Chairs, a Secretary, and Treasurer, in that order. All other personnel will be elected or

appointed as set forth in the Standing Rules and Policies. Thereafter this procedure shall be followed every other year (maximum two-year terms for everyone).

14. Each Director shall hold office until the expiration of his or her term of office except as otherwise provided for in these bylaws. All terms shall expire at the Annual Meeting in January 2013 and on every second year after that, except as otherwise provided for in these Bylaws. Incumbent Directors will be considered to be nominated automatically for their previously held offices unless the incumbent refuses the nomination.

15. Directors must agree to, and be able to, serve as at least an Alternate Area Head of any convention or similar event conducted by SAFE, as shown in that convention's Table of Organization.

II MEETINGS

1. The Board normally "meets" continually, in the form of an internet email list, as noted in the Bylaws.
2. The Board shall meet annually in the month of January, at a time and place to be determined by the Board. This meeting shall hereinafter be referred to as the Annual Meeting.
3. If the time and place of a Directors' meeting is fixed by the Bylaws or the Board, the meeting is a regular meeting. All other meetings are special meetings.
4. The Board of Directors may hold regular or special meetings in or out of the State of North Carolina. Special Directors' meetings may be called by the President, a Vice President, or one third of the Directors (e.g., any three (3) Directors if there are nine (9) Directors).
5. The Board may, and does, permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting ("by-voice"). A Director participating in a meeting by this means is deemed to be present at the meeting.
6. Meetings other than the "continual online meeting" shall be preceded by at least thirty (30) days notice to each Director previously specified, as well as notice of the date, time, and place, but not necessarily the purpose, of the meeting.

III OFFICERS

1. At the Annual Meeting, the Board of Directors shall elect, in order, a President, Vice President, Treasurer, and Secretary. The Officers so elected shall assume office at the conclusion of all elections and their term of office shall be until the next Annual Meeting and thereafter until their successors are elected. Nominations shall be from the floor at the Annual Meeting, but nomination of an absent person is inadmissible unless the written consent of the nominee is submitted to the presiding officer. A majority of votes cast is required to elect. A preferential ballot shall be used for any Office for which there are more than two candidates. Only Directors in good standing are eligible for office. No person can exercise the powers of more than one Office at any one time.
2. Each Officer may appoint a Deputy who shall have the powers and duties of the Officer in case of the Officer's absence or disability. Such Deputies can be removed at the pleasure of the appointing Officer but their appointment must be approved by the Directors by a simple majority.
3. Any Officer, Deputy, or combination thereof may be recalled by a vote of two-thirds (2/3) of the Directors.
4. Whenever a person elected to Office becomes permanently unavailable, a special election shall be held in the continual online meeting without undue delay to fill the Office regardless of the existence of a Deputy for the Office. Whenever the person elected to Office and the Deputy are both unavailable, the

Executive Committee, or the Board of Directors if there is none, shall temporarily fill the vacancy by appointing a Director who is not an Officer to serve until the vacancy is filled by election or the return of the Officer or Deputy.

5. The President shall be the chief executive officer of SAFE and shall have general and active management of its business. The President shall have the powers and duties of supervision and management usually vested in the office of President of a corporation and shall have final authority on all matters relating to the day-to-day business of the Corporation. The President's decisions shall conform to the policies set by the Board of Directors and Membership and the President shall see that all orders and resolutions of the Board of Directors and Membership are carried into effect. The President shall preside at meetings of the Membership and of the Board of Directors.

6. The Vice President shall discharge the duties of the President at any meeting when the President is not present, or as directed by the President, and shall serve as second in command at all events conducted by the corporation and serve on the second shift, as highest ranking person on duty.

7. The Treasurer shall be the chief financial officer of SAFE. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to SAFE. The Treasurer shall deposit all moneys and other valuable effects in the name and to the credit of SAFE, in such depositories as the Board of Directors may designate. The Treasurer shall collect all funds due and owing to SAFE and shall disburse the funds of SAFE as directed by the Board of Directors and the Membership. The Treasurer shall report to the Membership and the Board of Directors quarterly and at such times as directed by them on the Treasurer's transactions and on the financial condition of SAFE.

8. The Secretary shall be the Clerk of SAFE for purposes of law. The Secretary shall notify the Membership and the Board of Directors of their respective meetings in the manner prescribed by these bylaws. The Secretary shall attend such meetings and shall maintain full and accurate records of the business transacted thereat. The Secretary shall have custody of SAFE's corporate seal, Articles of Organization, and other legal papers and records of SAFE. The Secretary shall be responsible for filing such reports as may be required by state and federal law. The Secretary will serve as the registered agent of SAFE. In the event that the Secretary is not a resident of North Carolina, the Secretary will appoint a Director residing in the state of North Carolina as the registered agent.

9. The Officers shall perform such additional duties pertaining to their respective Offices as may be prescribed by the Board of Directors or by the Membership.

10. The persons allowed to sign checks for the SAFE will be the President, Treasurer, and Deputy Treasurer of SAFE, the Chair and Treasurer of any bid, convention, or similar event that SAFE is running, and Director of Art of any convention or similar event that SAFE is running. All Checks of the SAFE above the sum of One Hundred and Twenty-Five Dollars (\$125.00) shall require the signature of two of the persons listed above. Other persons may be authorized by a vote of the Board of Directors to sign checks for a limited time not to extend beyond the next Annual Meeting.

11. The persons allowed to receive money for SAFE will be all Officers of SAFE and their Deputies.

a. The Officers of the SAFE and their Deputies may authorize other individuals to receive money for SAFE for a limited period of time not to extend past the end of their term in office.

b. The Chair and Treasurer of any bid, convention, or similar event that SAFE is running shall be authorized to receive money for SAFE for the purposes of their specific bid, convention or similar event. They may authorize members of their committee to receive money in their official capacity with the bid, convention, or similar event. The Head of any Division or Area whose primary functions require receiving money are authorized to receive money in this capacity without requiring explicit authorization.

c. The person who has authorized an individual to receive money for SAFE may rescind that authorization, as may, in the case of a Deputy, that Deputy's senior Officer, or, in the case of a Division or Area Head, the Chair or Treasurer of that bid, convention, or related event. Furthermore, the President,

Treasurer, or a majority vote of the Board of Directors may also rescind an individual's authorization to receive money for SAFE.

IV VOTING

1. Unless otherwise provided in the charter or Bylaws, a quorum of the Board of Directors consists of a majority of the Directors in office immediately before the meeting begins. Because the number of Directors of this corporation is variable, as well as "meeting continually, it is hereby provided that the quorum shall be a majority of those in office immediately before any given vote, not "meeting."
2. Because the continual online meeting is held via email, the entire concept of quorum is based on the number of actual votes cast within a specified period of time, as otherwise indicated, and allowance for additional time to expire, thus allowing for reconsideration, or other proposals from those who did not immediately vote or participate. For this corporation it shall consist of a majority of the Directors, or two Directors, whichever is greater.
3. In no event may the Charter or Bylaws be construed to authorize a quorum of fewer than two (2) Directors or 1/3 of those in office. When a quorum is once present to organize a meeting, a meeting may be later adjourned despite the absence of a quorum caused by the subsequent withdrawal of any of those present.
4. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board unless otherwise specified as greater in these Bylaws or required by later law.
 - a. Since this is a volunteer organization with the possibility of difficulty in maintaining continual email monitoring, it is specified that in the continual online meeting at least the affirmative vote of a majority of all Directors in good standing is required to be an act of the Board (pass a motion), unless otherwise provided in these Bylaws.
 - b. Amendments to these Bylaws, the same as for the charter, shall require approval by a minimum of two thirds (2/3) of the Directors, including those not in good standing. ("Vacancies," cited in the charter, are currently irrelevant.)
 - c. If a subsidiary motion is made to any other motion, such as to amend the main motion or refer it to committee, and the main motion is not to amend these Bylaws or the charter, the subsidiary motion must be considered first. Since this organization has used the elist custom of responding to any motion with a vote -- each voter appending their discussion to their vote -- rather than separate debate and then vote -- any subsidiary motion STOPS THE VOTE. If the maker of the main motion immediately accepts the subsidiary motion, and no other Director objects, that maker shall restate it as amended or with subsidiary motion, and the vote be retaken. If the maker of the main motion, or another Director, does not immediately accept the subsidiary motion, they must so state, and then the subsidiary motion must be voted upon.
 - d. If a subsidiary motion is made to any other motion, and the main motion is to amend these Bylaws or the charter, it stops the vote and becomes an alternative, to be voted upon as provided in these Bylaws for multiple alternatives.
 - e. The presiding officer shall have the power to rule out of order, "too many subsidiary motions." Such rulings may be appealed and reversed by vote as described in the parliamentary authority. No subsidiary motions or debate may be heard on this motion.
5. A Director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:
 - a. The Director objects at the beginning of the meeting (or promptly upon the Director's arrival) to holding the meeting or transacting business at the meetings.
 - b. The Director's dissent or abstention from the action taken is entered in the minutes of the meeting, or
 - c. The Director delivers written notice of the Director's dissent or abstention to the presiding officer of the meeting before its adjournment, or to the corporation immediately after adjournment, of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

6. At in-person meetings, only, proxies with or without specific instructions shall be allowed, provided the person authorized to vote such proxy is so authorized in writing by the proxy-giving Director, and a majority of all the other Directors voting, with no proxies allowed in such vote. Proxies must be voted as directed by written instructions if so given (or the Secretary shall record it as so voted, anyway). No Director shall be allowed to vote more than one Proxy. Proxies can only be given by a Director of the corporation to another Director of the Board of the corporation, or a Patron Level Presupporter.

7. In the event a meeting is held in-person, “a show of hands” shall be used as the default vote. A motion for a roll call vote may be called by any Director, and if seconded, a roll-call vote will be held.

8. If any Director requests a secret ballot on any motion before the Board of Directors of the corporation, that vote shall be held by secret ballot. The President shall appoint a teller from among those participants in the email list venue who are not Directors; all ballots on the motion shall then be emailed to that person. If the meeting is in-person or by-voice, a similar procedure shall be used if practical; if not, the President shall appoint one teller from each side of the question to jointly count paper ballots.

9. In all matters where there are more than two alternatives, the voting method will be by making first, second, third, etc. choices on a ballot or email.

a. If there is no majority, the alternative with the least votes shall be discarded and the second choice of those voting for it, becomes their vote. If there is still no majority, the cycle of discarding the lowest vote getting alternative and using those voters’ next choice, shall be continued until there is a majority. If a tie results in at least two (2) remaining alternatives with more votes than those in the tie, then all tied alternatives shall be discarded at once and votes for them redistributed to those voters’ next choice. On the first round, “None of the above” or “do nothing” shall always be an alternative in these cases.

b. If there are so few voters, and/or so many ties, as to make this impractical, and the question concerns an amount, such as the dollar amount to be spent on an item, the highest amount shall be subject to a yes-no vote, first, and then each lower proposed amount, until one receives a majority or all fail.

c. If there are so few voters, and/or so many ties, as to make this impractical, and the question does not concern an amount (for example deciding a single Guest of Honor from among several nominees), each Director shall be given a number of “points” equal to the number of alternatives, and shall distribute them among at least two (2) alternatives they choose. The alternative(s) with the least points shall then be discarded and another round of voting occur until only two (2) alternatives remain; then a simple vote shall be taken.

10. At in-person meetings, or otherwise, if a vote is not decided, due to lack of a majority, either yay or nay, the debate and votes cast shall be recorded, and the absent Directors polled to complete the vote.

11. However, specific abstentions, or failures to vote, sufficient to prevent a majority, after all Directors have been polled and/or reasonable efforts made to contact them (14 days), shall cause the motion to fail. Such a motion, however, can be made again, at a later time, without prejudice.

12. The Bylaws may be amended by a two-thirds (2/3) majority vote of the Directors. Any motion to amend the Bylaws requires at least thirty (30) days notice to the Board.

V. BIDS, CONVENTIONS, AND SIMILAR EVENTS

1. The Chair or Co-Chairs of any bid by SAFE will be selected by the Directors through a preferential ballot. There may be no more than two Co-Chairs of any such bid committee. The Chair or Co-Chairs will have the authority to appoint members and Officers of the Bid Committee, who may only be removed by a two-thirds (2/3) vote of the Board of Directors. The Chair or Co-Chairs shall be Officers of the bid. The other Officers of such a bid will be a Vice Chair (but only in the case that there is a single Chair of the committee), a Secretary, and a Treasurer.

2. In the event that the bid results in the award of a convention or similar event, if there is no objection from the Directors, the Chair or Co-Chairs of the bid will automatically become the Chair or Co-Chairs of

that convention, and will be Officers of the convention. For events that do not requiring bidding, the Chair or Co-Chairs will be selected by the directors through a preferential ballot. There may be no more than two (2) co-chairs for such an event.

3. The Chair or Co-Chairs of such a convention shall have authority to appoint other Officers and Division Heads and assign to them responsibilities for planning the convention and the authority to carry out those responsibilities. The Officers of the convention will be a Vice Chair (but only in the case that there is a single Chair of the committee), a Secretary, and a Treasurer. Division Heads may appoint Area Heads in the same manner. Any of these positions may recruit additional staff as needed, and request further volunteers for tasks at the convention.

4. The Chair or Co-Chairs, Officers, Division Heads, Area Heads, and staff of the convention shall work on a volunteer basis only.

5. The Chair is obligated to fill positions within the convention committee with members of the bid committee who purchased Patron Level Presupporting Membership and were active in the bid, and should work with them to find positions which make the best use of their skills.

6. The Chair(s) and other Officers of a bid or convention may be removed by a two-thirds (2/3) vote of the Board of Directors. Should such a vote succeed in removing the Chair, the Board must immediately vote to replace him or her, unless his or her Co-Chair was not removed, in which case the remaining Co-Chair shall become the Chair, and may appoint a new Vice Chair. If another Officer has been removed, the Chair must either replace him or her or call for a vote of the Board to fill the position. In no case shall an Officer be replaced with someone who has been voted out of such a position with this convention or bid, or the bid which led to the award of this convention.

7. No person shall serve in the capacity of more than one Officer of a given bid, convention, or similar event. Officers of bids, conventions, or similar events are not Officers of SAFE, but are its agents for the purposes of said bid, convention, or similar event.

STANDING RULES

Grants and Distributions

In times of budget surplus, SAFE may be obligated to use funds to further its exempt purposes through grants and distributions, or may desire to do so. In such matters, preference should be given to causes associated with science fiction and related fields of literature, literacy, and the sciences. Such grants and distributions may be made at the initiative of the Board of Directors, and may also be made based upon grant proposals. For grants and distributions in excess of \$1000, SAFE will require annual reports until the entire grant has been used, at which time a final report will be required. Furthermore, the Board of Directors may require a contract with the grantee to ensure the money furthers SAFE's exempt purposes.

Intellectual Property and Publications Policy

SAFE will periodically use donated or commissioned works in its promotional and event materials related to its core activities. These materials will include, but are not limited to, flyers, websites, magazines, program books. SAFE will retain full non-exclusive rights to use such donated and commissioned works, while the copyrights will be retained by the creators. Authorized agents of SAFE may negotiate different terms at their discretion. The copyrights of any intellectual property donated to SAFE will be administered by the Board of Directors. The contents of any online meetings, minutes, and official reports are the property of SAFE.

Conflict of Interest Policy

I – Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Southern Alliance of Fandom Enthusiasts, Inc.) 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 conflict of interest applicable to nonprofit and charitable organizations.

II – Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the 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 arrangement 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 arrangement 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 Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

III – Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the 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.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any 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. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization 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.

d. 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 Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. 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.

b. 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.

IV – Records of Proceedings

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 discussions 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.

V – Compensation

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

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

VI – Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

VII – Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews 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 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.

VIII – Use of Outside Experts

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