

**Conflict of Interest Policy**

**Application of Policy**

This policy applies to board members, staff and certain volunteers of Maryland Federation of Art (MFA). A volunteer is covered under this policy if that person has been granted significant independent decision-making authority with respect to financial or other resources of MFA. Persons covered under this policy are hereinafter referred to as “interested parties.”

A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of MFA. There are a variety of situations which raise conflict of interest concerns including, but not limited to, the following:

Financial Interests - A conflict may exist where an interested party or a relative or business associate of an interested party directly or indirectly benefits or profits as a result of a decision or transaction entered into by MFA. Examples include situations where:

* MFA contracts to purchase or lease goods, services, or property from an interested party or a relative or business associate of an interested party;
* MFA purchases an ownership interest in or invests in a business entity owned by an interested party or by a relative or business associate of an interested party;
* MFA offers employment to an interested party or a relative or business associate of an interested party, other than a person who is already employed by MFA;
* an interested party or a relative or business associate of an interested party is provided with a gift, gratuity, or favor of a substantial nature from a person or entity which does business or seeks to do business with MFA;
* an interested party or a relative or business associate of an interested party is gratuitously provided use of the facilities, property, or services of MFA.

Other Interests - A conflict may also exist where an interested party or a relative or business associate of an interested party obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with MFA, or where his/her duty or responsibility owed to MFA conflicts with a duty or responsibility owed to another organization. Examples include:

* an interested party seeks to obtain preferential treatment by MFA for her/himself, a relative, or business associate;
* an interested party seeks to make use of confidential information, as defined in our Confidentiality Policy, obtained from MFA for her/his own benefit or for the benefit of a relative, business associate, or other organization; or
* an interested party seeks to take advantage of an opportunity or enables a relative, business associate or other organization to take advantage of an opportunity which s/he has reason to believe would be of interest to MFA.

Exhibitions and Prize Money - Board and Committee Members and Staff are eligible to apply for and may be accepted to juried exhibitions and subsequent benefits. Jurying into the exhibit is blind and jurors are not supplied with Board, Committee and/or Staff affiliation in advance. Board and Committee Members and Staff are required to submit any conflicts with jurors in advance.

**Disclosure of Actual or Potential Conflicts of Interest**

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

An interested party shall complete a questionnaire, in the form attached hereto as Appendix A, to fully and completely disclose the material facts about any actual or potential conflicts of interest. The disclosure statement shall be completed upon his/her association with MFA and shall be updated annually thereafter. An additional disclosure statement shall be filed when an actual or potential conflict arises.

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. Copies shall also be provided to the Chief Executive Officer of MFA.

In the case of staff or volunteers with significant decision-making authority, the disclosure statements shall be provided to the President of MFA. The Secretary of the Board shall file copies of all disclosure statements with the official corporate records of MFA.

Whenever there is reason to believe that an actual or potential conflict of interest exists between MFA and an interested party, the Board of Directors shall determine the appropriate organizational response.

**Procedures for Addressing Conflicts of Interest - Specific Transactions**

Where an actual or potential conflict exists between the interests of MFA and an interested party with respect to a specific proposed action or transaction, MFA shall refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved by the disinterested members of the board of directors of MFA. The following procedures shall apply:

An interested party who has an actual or potential conflict of interest with respect to a proposed action or transaction of the corporation shall not participate in any way in, or be present during, the deliberations and decision making of MFA with respect to such action or transaction. The interested party may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.

The disinterested members of the Board of Directors may approve the proposed action or transaction upon finding that it is in the best interests of the corporation. The board shall consider whether the terms of the proposed transaction are fair and reasonable to MFA and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with an 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, the vote taken and, where applicable, the abstention from voting and participation by the interested party.

**Violations of Conflict of Interest Policy**

If the Board of Directors has reason to believe that an interested party has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and take the appropriate action.