

**CONFLICT OF INTEREST POLICY
OF
ARKANSAS ARCHEOLOGICAL SOCIETY**

**ARTICLE I
PURPOSE**

The purpose of the conflict of interest policy of Arkansas Archeological Society (the "Society") is to protect this tax-exempt Society's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Executive Board member of the Society 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.

**ARTICLE II
DEFINITIONS**

Section 2.1 Interested Person. Any officer of the Society, employee, or member of the Executive Board (the "Executive Board") or a committee of the Society to which the Executive Board has delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

Section 2.2 Financial Interest. A person has a financial interest if the person, directly or indirectly, through business, investment, or family, has any one or more of the following:

2.2.1 An ownership or investment interest in any entity with which the Society has a contract or other transaction or arrangement; or

2.2.2 A compensation arrangement with the Society or with any entity or individual with which the Society is doing business; or

2.2.3 A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Society is negotiating a contract or other transaction or arrangement; or

2.2.4 A board membership or is an officer of any agency or non-profit organization that may benefit from Society grants, partnerships, or other arrangements; or

2.2.5 Received a research grant from the Society.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. Under **Article III, Section 3.2**, a person who has a financial interest may have a conflict of interest only if the Executive Board or committee decides that a conflict of interest exists.

Section 2.3 Conflict of Interest. A person has a conflict of interest if he or she is an interested person, or has any other relationship which is directly adverse to the Society or materially limits the person's fiduciary duty to the Society.

ARTICLE III PROCEDURES

Section 3.1 Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose in advance of receiving any compensation the existence of the financial interest and be given the opportunity to disclose all material facts, including the date and terms of compensation arrangement, to the Executive Board members and members of committees with the Executive Board delegated powers considering the proposed transaction or arrangement.

Section 3.2 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 Executive Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Executive Board or committee members shall decide if a conflict of interest exists.

Section 3.3 Procedures for Addressing the Conflict of Interest.

3.3.1 An interested person may make a presentation at the Executive Board or committee meeting, but after the presentation, he/she must leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

3.3.2 The chairperson of the governing Executive Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement and whether the compensation arrangement is comparable to similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated exempt organizations (the "Due Diligence").

3.3.3 After performing the Due Diligence, the Executive Board or committee shall determine whether the Society 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.

3.3.4 If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Executive

Board or committee shall determine by a majority vote of the disinterested Executive Board members whether the transaction or arrangement is in the Society'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.

Section 3.4 Violations of the Conflicts of Interest Policy.

3.4.1 If the Executive 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.

3.4.2 If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Executive 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

**ARTICLE IV
RECORDS OF PROCEEDINGS**

Section 4.1 The minutes of the Executive Board and all committees with Executive Board-delegated powers shall contain:

4.1.1 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 Executive Board's or committee's decision as to whether a conflict of interest intact existed.

4.1.2 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.

**ARTICLE V
COMPENSATION**

Section 5.1 A voting member of the Executive Board who receives compensation, directly or indirectly, from the Society for services is precluded from voting on matters pertaining to that member's compensation.

Section 5.2 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Society for services is precluded from voting on matters pertaining to that member's compensation.

Section 5.3 No voting member of the Executive Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Society, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**ARTICLE VI
ANNUAL STATEMENTS**

Section 6.1 Each Executive Board member, principal officer and member of a committee with Executive Board-delegated powers may be required to sign a statement which affirms such person:

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

6.1.2 Has read and understands the policy,

6.1.3 Has agreed to comply with the policy, and

6.1.4 Understands the Society 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.

**ARTICLE VII
PERIODIC REVIEWS**

Section 7.1 To ensure the Society operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews may be conducted. The periodic reviews shall, at a minimum, include the following subjects:

7.1.1 Whether compensation arrangements and benefits are reasonable, based on competent information, and the result of arm's length bargaining.

7.1.2 Whether partnerships, joint ventures, and arrangements with management entities conform to the Society'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.

**ARTICLE VIII
USE OF OUTSIDE EXPERTS**

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