

ADDENDUM A

DELAWARE SYMPHONY ASSOCIATION

CONFLICTS OF INTEREST POLICY

Article I

Purpose

The purpose of this Conflicts of Interest Policy (the “Policy”) is to protect the interest of Delaware Symphony Association, a Delaware charitable nonstock corporation (the “Organization”), 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.

Article II

Definitions

1. Interested Person. An Interested Person is any (a) director, (b) principal officer, or (c) member of a committee with board-delegated powers, in each case who has a direct or indirect Interest as defined below.

2. Interest.

(a) A person has an Interest if the person, directly or indirectly, through business, investment, or family:

(i) Has an ownership or investment interest in any entity with which the Organization has a transaction or arrangement;

(ii) Has a Compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement;

(iii) Has 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; or

(iv) Is a member, director, or officer of an organization with which the Organization has entered into or is contemplating entering into a transaction or arrangement.

(b) An Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has an Interest may have a conflict of interest only if the board or appropriate board committee decides that a conflict of interest exists. A transaction is not prohibited simply because a conflict of interest exists.

3. Compensation. Compensation includes direct and indirect remuneration, as well as significant gifts, favors, or contributions.

Article III **Procedures**

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of his or her Interest and must be given the opportunity to disclose all material facts to the full board (or to a board committee if such committee is charged with considering the proposed transaction or arrangement giving rise to the actual or possible conflict of interest).

2. Determining Whether a Conflict of Interest Exists. At a board or board committee meeting (as applicable), after the Interested Person's disclosure of the Interest and all material facts, any additional presentation that the Interested Person may wish to make, and any discussion with the Interested Person, the Interested Person shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board members (or board committee members, if applicable) shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest.

(a) The presiding officer at the board or board committee meeting shall, if appropriate, appoint a disinterested person or committee of disinterested persons to investigate alternatives to the proposed transaction or arrangement giving rise to the actual or possible conflict of interest.

(b) After exercising due diligence, the board or board 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.

(c) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or board committee shall determine, by a majority vote of the disinterested directors, whether the transaction or arrangement is in the Organization's best interest, is for the Organization's own benefit, and is fair and reasonable to the Organization. The board or board committee shall decide whether to enter into the transaction or arrangement in accordance with such determination.

4. Violations of the Conflicts of Interest Policy.

(a) If the board or board committee has reasonable cause to believe a person has failed to disclose an actual or possible conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the person's response and after making such further investigation as may be warranted in the circumstances, the board or board committee determines the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the board and all board committees shall contain:

(a) The names of the persons who disclosed or otherwise were found to have an Interest in connection with an actual or possible conflict of interest, the nature of the Interest, any action taken to determine whether a conflict of interest was present, and the board's or board committee's decision as to whether a conflict of interest in fact existed; and

(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.

Article V

Compensation

1. Voting on Compensation Matters. A director who receives Compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that director's Compensation, whether such matters come before the full board or before a board committee of which such director is a member.

2. Service on Compensation Committee. Any director who receives Compensation, directly or indirectly, from the Organization for services is precluded from serving on any board committee with the authority to make decisions or recommendations regarding Compensation.

3. Providing Information Regarding Compensation. No director who receives Compensation, directly or indirectly, from the Organization is prohibited from providing information to the full board or any board committee regarding Compensation.

4. Procedure for Establishing Compensation of Interested Persons.

(a) Compensation of any Interested Person shall be approved by a majority of the full board other than such Interested Person or a board committee that is composed entirely of directors unrelated to and not subject to the control of such Interested Person.

(b) Such Interested Person may provide information to the board or board committee in connection with the consideration of such Interested Person's Compensation, but such Interested Person shall not be present during any discussion of and vote on such Interested Person's Compensation.

(c) The board or board committee making Compensation decisions shall obtain and rely upon appropriate data as to comparability of Compensation, including but not limited to such things as:

(i) Compensation levels paid by similarly situated organizations, both tax-exempt and non-tax-exempt, for functionally comparable positions;

(ii) The location of the Organization, including the availability of similar specialties in its geographic area;

(iii) Independent compensation surveys by nationally recognized independent firms; and

(iv) Actual written offers from similar institutions competing for the services of the Interested Person.

(d) The board or board committee shall document the basis for its determination, which documentation shall be made a part of the permanent minutes and records of the board or board committee.

Article VI **Annual Statements**

Each director and officer shall annually sign a statement that affirms that such person:

- (a) Has received a copy of this Policy,
- (b) Has read and understands this Policy,
- (c) Has agreed to comply with this Policy,
- (d) Has disclosed all known actual and possible conflicts of interest involving such director or officer and his or her family members, and
- (e) Understands that the Organization is charitable and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII **Periodic Reviews**

To ensure the Organization operates in a manner consistent with its 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 acquisitions of services result in inurement or impermissible private benefit;

(c) 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 the Organization's charitable purposes, and do not result in inurement, impermissible private benefit, or an excess benefit transaction; and

(d) Whether agreements for services and agreements with organizations, employees, and third-party payers further the Organization's charitable purposes and do not result in inurement, impermissible private benefit, or an excess benefit transaction.

Article VIII
Use of Outside Experts

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

Delaware Symphony Association
Annual Statement

Pursuant to Article VI of the Delaware Symphony Association's Conflict of Interest Policy, I affirm, as a director and/or officer affirm that I:

- (a) Have received a copy of this Policy,
- (b) Have read and understand this Policy,
- (c) Have agreed to comply with this Policy,
- (d) Have disclosed all known actual and possible conflicts of interest involving myself or my family members, and
- (e) Understands that the Delaware Symphony Association is charitable and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Signed: _____

Print Name: _____

Date: _____