



## **Lyrical Opera Theater (LOT) Conflict of Interest Policy**

### **Purpose**

Lyrical Opera Theater (LOT) is committed to maintaining the highest standards of integrity and transparency in all its operations. This Conflict of Interest Policy is intended to protect the organization's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a board member or officer. It also ensures that decisions are made in the best interests of LOT without regard to personal gain.

### **Scope**

This policy applies to all members of the Board of Directors, officers, and key employees of Lyrical Opera Theater. Each board member is required to sign this policy annually.

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### **Definitions**

1. **Conflict of Interest:** A conflict of interest arises when a person in a position of authority, such as a board member or officer, has a competing professional or personal interest that could make it difficult to fulfill their duties impartially. This can include situations where:
  - The individual stands to gain financially or personally from a decision made by the organization.
  - The individual has a business, financial, or personal relationship with an entity or individual with which LOT does business.
2. **Interested Person:** Any board member, officer, or key employee who has a direct or indirect financial interest or potential conflict.
3. **Financial Interest:** A financial interest exists when a person has:
  - An ownership or investment interest in any entity with which LOT has a transaction or arrangement.
  - A compensation arrangement with LOT or with any entity or individual with which LOT is negotiating or transacting business.
  - A potential ownership or investment interest, or compensation arrangement, with any entity or individual involved with LOT.

Compensation includes direct and indirect remuneration, as well as gifts or favors not insubstantial in nature.

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### **Policy and Procedures**

#### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of the conflict as soon as it arises, or at least prior to any discussion or decision by the board or committee regarding the proposed transaction or arrangement.

## **2. Determining Whether a Conflict of Interest Exists**

- After disclosure of the financial or personal interest, the interested person shall leave the meeting while the board or committee discusses the potential conflict.
- The remaining board members shall decide if a conflict of interest exists by majority vote.

## **3. Procedures for Addressing the Conflict of Interest**

- **Discussion and Vote:** If a conflict is determined to exist, the board or committee may invite the interested person to provide relevant information before leaving the meeting. The board or committee shall then discuss and vote on the proposed transaction or arrangement without the presence or participation of the interested person.
- **Alternative Arrangements:** If a conflict is identified, the board shall consider whether the transaction can be pursued under different terms that would not create a conflict. This may include seeking competitive bids or considering alternative proposals.
- **Approval Process:** A conflict of interest may still be approved if the board determines, by majority vote, that the transaction is in the best interest of LOT, fair, and reasonable, and that it cannot be obtained from another source under more advantageous terms.

## **4. Violations of the Conflict of Interest Policy**

- If the board or committee has reasonable cause to believe a board member or officer has failed to disclose a conflict of interest, it shall inform the person of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose.
  - If, after hearing the individual's response and after further investigation, the board determines that the person has failed to disclose an actual or potential conflict of interest, it may take appropriate disciplinary and corrective action, which could include removal from the board.
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## **Records of Proceedings**

The minutes of the board and all committees with board-delegated powers shall include:

- The names of persons who disclosed or otherwise were found to have a financial or other interest, the nature of the conflict, and any action taken to address the conflict.
  - The names of all individuals present for discussions and votes related to the conflict, the content of those discussions, and the vote results.
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## **Compensation**

- A board member or officer who receives compensation, directly or indirectly, from LOT for services may not vote on matters related to their compensation.
  - No voting member of the board shall be compensated, directly or indirectly, for services rendered to the organization.
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## **Annual Acknowledgment and Disclosure**

Each board member, officer, and key employee shall annually sign a statement that affirms such person:

- Has received a copy of the Conflict of Interest Policy.
- Has read and understands the policy.
- Agrees to comply with the policy.
- Discloses any current or potential conflicts of interest.

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**Conflict of Interest Disclosure Statement**

I, the undersigned, hereby acknowledge that I have received, read, and understand the Conflict of Interest Policy of Lyrical Opera Theater. I agree to comply with this policy during my tenure with the organization. Additionally, I disclose the following relationships, businesses, or affiliations that could potentially result in a conflict of interest:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

I further affirm that I will immediately disclose any conflicts that may arise in the future.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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**Approval**

This policy was approved by the Lyrical Opera Theater Board of Directors on [Date].

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This policy ensures that LOT operates with integrity and transparency, fostering trust among board members, stakeholders, and the public while safeguarding the organization's mission and values.