

RESTATED and AMENDED BYLAWS  
OF  
THE ART AND CREATIVE MATERIALS INSTITUTE, INC.  
(Last amended August 7, 2018)

ARTICLE I  
Name

Section 1. The name of the association is The Art and Creative Materials Institute, Inc. (hereafter “ACMI”).

Section 2. ACMI is a New York State not-for-profit corporation, organized on May 14, 1936 and granted recognition as a tax exempt organization by the Internal Revenue Service under Section 501(c)(6) of the Internal Revenue Code of the United States.

ARTICLE II  
Scope of ACMI

Section 1. ACMI is a trade association of manufacturers and distributors of art, craft and other creative materials.

Section 2. Products within the scope of ACMI programs include children and adult art, craft and other creative materials that are consumer products regulated by the Consumer Product Safety Commission.

ARTICLE III  
Purposes

Section 1. The purpose of ACMI shall be as stated in the Certificate of Incorporation, as amended, to wit:

- a. To promote safety in art, craft and other creative materials.
- b. To develop voluntary standards for products included in the scope of ACMI and to work with recognized standards organizations.
- c. To sponsor voluntary product and labeling certification programs for products included in the scope of ACMI.
- d. To cooperate with other professional, governmental, consumer or business organizations on issues affecting art, craft and other creative materials.
- e. To stimulate public recognition of the contribution of art to our society and to encourage greater participation in art-related activities by all members of society.
- f. To promote the common interests of members by all lawful means.

- g. To enhance the status of art education as an essential educational program.
- h. To do any other lawful act or thing incidental to or connected with the foregoing purposes or in advancement thereof, but not for the profit or financial gain of its Directors, Officers or members

#### ARTICLE IV Association Antitrust Guidelines

Section 1. The ACMI “Guidelines for Association Activities,” as amended on August 1, 2017, are incorporated in these Bylaws as Addendum A. All activities of ACMI shall be in conformity with these Guidelines, as they may be amended from time to time.

#### ARTICLE V Membership and Voting Rights

Section 1. Active Members. Any person, partnership, firm or corporation who is a Subscriber to the ACMI Certification Program and who actively and regularly manufactures, distributes or sells one or more products which meet the requirements of the ACMI Certification Program is eligible for Active Membership in ACMI. Each Active Member shall adhere to the ACMI Manual of Procedure, as it may be amended from time to time by the Board of Directors. Active Members shall be entitled to participate in all ACMI meetings, other than those held in executive session (as described in Article IX, Section 3 and Article XI, Section 1), to vote in meetings of the members, and to receive any and all benefits accruing from ACMI membership.

Active Members shall designate one official voting representative, privileged to attend membership and committee meetings, other than those held in executive session. Each Active Member shall have one vote. Only voting representatives of Active Members shall hold elective office.

Section 2. Associate Members. Any person, partnership, firm or corporation who is not otherwise eligible for Active Membership and who is a third party supplier of art, craft or other creative products or components is eligible for Associate Membership.

Associate members shall designate representatives to be authorized to attend meetings of ACMI. Associate members shall not be eligible to vote or to hold elective office. Associate Members shall not be entitled to use the ACMI certification marks.

Section 3. Affiliate Members. Representatives of user, consumer and education organizations whose members are concerned with the use, safety, quality and promotion of art, craft and other creative materials will be invited to participate on committees to present the views of the consumer. Affiliate Members shall not be eligible to vote or to hold elective office or to use the ACMI certification marks and may attend ACMI member or Board meetings only at the invitation of ACMI.

Section 4. Voting. Each Active Member shall appoint and certify to the President or the Executive Director a person to be its official representative at ACMI meetings.

All Active Members of ACMI by their duly designated representatives shall be privileged to attend all meetings the members of ACMI with the right of each member to one vote on any question presented.

All Associate Members of ACMI by their duly designated representatives shall be privileged to attend all meetings of the members of ACMI, but without the right to vote.

Section 5. Determination of Membership. Any person, partnership, firm or corporation eligible for membership (Active or Associate) under these Bylaws, on making written application therefore, may be approved for membership. For such approval, which shall not be unreasonably withheld, a determination of the eligibility of the applicant by the Executive Director is required. Determination of eligibility or approval depends upon ACMI's list of eligible products and other factors. Membership shall be effected and evidenced by inclusion on the membership list on the ACMI website.

Section 6. Duration of Membership and Resignation. Membership in ACMI may terminate by death, involuntary termination for just cause, termination of a term of membership, dissolution or liquidation of the member, or voluntary withdrawal as herein provided. All rights and interest of a member in or to ACMI, its rights, privileges, duties and property shall cease on the termination of membership.

Any member may, by giving written notice of such intention, withdraw from membership. Such withdrawal shall not terminate or reduce such member's obligation to pay the full amount of annual dues to ACMI and any other obligations due to ACMI for the calendar year in which ACMI receives the notice of withdrawal.

Section 7. Suspension and Involuntary Termination of Membership. For just cause, including the failure to pay dues, the misuse of any certification mark of ACMI, or infringement of the certification marks of ACMI, any member may be suspended or terminated.

Such suspension or involuntary termination, except for suspension or involuntary termination for failure to pay dues (which is addressed in Article VI below), shall be by two-thirds (2/3) vote of the Directors present and voting at a meeting of the Board of Directors in which a quorum is present, provided that a statement of the reasons for suspension or involuntary termination shall have been mailed or emailed to the last recorded address of the member at least fifteen (15) days before final action is taken thereon. This statement shall be accompanied by a notice of the time and place of the meeting of the Board of Directors at which the suspension or involuntary termination shall be considered, and the member shall have an opportunity to appear and present any information relevant to reasons why such suspension or involuntary termination should not occur before action is taken thereon. Suspensions or involuntary terminations for failure to pay dues shall be approved by majority action of the Board of Directors.

## ARTICLE VI Dues and Fees

Section 1. The Board of Directors shall, from time to time, and at such times as it deems necessary, fix the rate of dues, fees, and assessments of all members and subscribers to the ACMI Certification Program. The Board shall declare the date when said dues and fees are payable.

Section 2. Members who fail to pay their dues or annual subscription fees within thirty (30) days from the time the same become due shall be notified by the President or Executive Director, and if

payment is not made within the next succeeding thirty (30) days, shall be reported to the Board of Directors as in arrears, and, if so ordered by the Board of Directors, it or they shall be dropped from the rolls and thereupon forfeit all rights and privileges of membership. Such member may be readmitted as provided in these Bylaws.

Section 3. The fiscal year shall be fixed by action of the Board of Directors.

## ARTICLE VII Meetings of the Members

Section 1. Annual Members Meetings. There shall be an Annual Meeting of the ACMI members in the First or Second Quarter of each year unless otherwise ordered by the Board of Directors, and at such place as determined by the Board of Directors. At each Annual Meeting members of the Board of Directors shall be elected as hereinafter provided in Article VIII; at such Annual Meetings annual reports shall be received and any other business transacted which is properly presented to such meeting.

Notice of the place, date and time of such meeting, signed by the President or Executive Director, or other officer designated by the Board of Directors, shall be mailed to the last recorded address of each member or emailed to the last recorded email address of each member at least twenty (20), but no more than fifty (50), days before the time appointed for the meeting.

At the Annual Meeting, the Board of Directors shall present an annual report verified by the President and Treasurer or by a majority of the Directors, or certified by an independent public or certified public accountant or a firm of such accountants selected by the Board, that includes the following information concerning ACMI: 1) the assets and liabilities; 2) the principal changes in assets and liabilities; 3) the revenue or receipts; 4) the expenses or disbursements; and 5) the number of members.

Section 2. Special Member Meetings. Special meetings of ACMI members may be called by the Board of Directors at its discretion. Upon the written request of three (3) members of ACMI, or of the President or of the Executive Director, the Board of Directors shall call a special meeting to consider a specific subject. Written notices of any special meeting shall be mailed to the last recorded address of each member or emailed to the last recorded email address of each member at least ten (10), but no more than fifty (50) days before the time appointed for the meeting. Such notices shall set forth the place, date, time and purposes of the meeting.

Section 3. Quorum. The presence in person or by proxy of one-tenth of the total number of members of ACMI entitled to vote, or one hundred (100) members entitled to vote, whichever is less, shall be necessary to constitute a quorum for the transaction of business.

Section 4. Order of Business. The order of business for annual or special meetings shall be determined by the Board of Directors. The order of business may be altered or suspended at any meeting by a majority vote of members present.

Section 5. Proxies. Every member entitled to vote at a meeting of the members may authorize another voting member or members to act for such member at a meeting by proxy. Every proxy must be in writing and signed by the member or member's designated voting official, or by email and set forth information from which it can reasonably be determined that the proxy was authorized by that member. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing

it, except as otherwise provided by law. For the purposes of conducting meetings, all proxies shall be delivered to the Secretary of ACMI or, upon the absence of the Secretary, the presiding member appointed to act as secretary of the meeting.

## ARTICLE VIII Nominations and Elections

Section 1. Ninety (90) days prior to the Annual Meeting, the President shall appoint a nominating committee to nominate Directors as required by Article IX. The slate of Directors as proposed by the Nominating committee shall be forwarded to all members at least forty-five (45) days before the date of the Annual Meeting. Additional nominations of Directors must be submitted in writing to the ACMI Office not later than thirty (30) days prior to the date of the Annual Meeting. Each nominee shall agree to serve if elected and to attend all meetings.

Section 2. At each Annual Meeting, a number of Directors equal to that of those whose terms have expired shall be elected for a term of three years. Any director shall be eligible for re-election, providing that he or she is a designated representative of a current Active Member of ACMI.

Section 3. The Board of Directors, as hereinafter provided, shall elect a President, a Vice President, Secretary and Treasurer from its membership, and may elect an Executive Director from within or without its membership. All such Officers shall serve to the end of the next Annual Meeting, or until such time as their successors are duly elected and shall take office, except that any officer who is not a member of ACMI shall hold office at the pleasure of the Board of Directors.

## ARTICLE IX Board of Directors

Section 1. The management of the property, affairs, business and concerns of ACMI shall be vested in a Board of Directors, consisting of not less than four (4) and no more than twenty-one (21) voting representatives of Active Members. The members of the said Board shall, upon election, immediately enter upon the performance of their duties and shall continue in office until their successors shall be duly elected and qualified.

Section 2. Duties. The Board of Directors shall, as part of its control and management of the affairs of ACMI: fix the date and rate of assessment of dues for members at meetings only; have authority to engage employees and fix their salaries or retain an association management firm at a fee to be agreed upon; retain a Certified Public Accountant who shall prepare and submit an annual financial statement to it; admit, suspend or expel members in the manner provided by these Bylaws; and to do everything necessary and desirable in the conduct of the business of ACMI and in accordance with the Certificate of Incorporation and these Bylaws.

Section 3. Meetings. A regular meeting of the Board of Directors for the election of Officers shall be held at the time of the Annual Meeting of the members. Other regular meetings of the Board of Directors may be held as determined by the Board. The President or Executive Director, when he or she deems necessary, may issue a call for a special meeting of the Board on ten (10) days' notice. In the absence of the President, the Vice President may preside; otherwise, the Directors present may choose a Chairman for the meeting. The President or Secretary, or a majority

of the Board, may call an executive session for all or any part of any meeting of the Board upon prior written notice to the Board of the purpose(s) of such session. Only Board members and other invited individuals may attend the executive session.

Section 4. Quorum and Voting. A majority of the Board shall constitute a quorum for the election of Officers and all other purposes not otherwise provided herein. Action at any Board meeting may be taken upon affirmative vote by a majority of Directors present and entitled to vote. Each Director shall have one vote.

Section 5. Vacancies. Any vacancies that may occur on the Board by reason of death, resignation, or otherwise, may be filled by the Board of Directors for the unexpired term.

## ARTICLE X Officers

Section 1. President. The President shall be the executive officer of ACMI and shall preside at meetings of ACMI and of the Board of Directors, and shall be a member *ex-officio* of all committees. He or she shall also, at the Annual Meeting of ACMI and at such other times as he or she shall deem proper, communicate to ACMI or to the Board of Directors such matters and make such suggestions as may in his or her opinion tend to promote the welfare and increase the usefulness of ACMI, and shall perform such other duties as are necessarily incident to the office of President of ACMI, or as may be prescribed by the Board of Directors.

Section 2. Executive Director. There may be an Executive Director appointed by the Board of Directors to serve at the pleasure of the Board. The Executive Director shall perform such duties as determined by the Board of Directors from time to time.

Section 3. Vice President. In case of death or absence of the President, or his or her inability from any cause to act, the Vice President shall perform for the time being the duties of the President's office.

Section 4. Treasurer. The Treasurer shall keep or cause to be kept an account of all monies received and expended by ACMI, and shall make or cause to be made disbursements authorized by the Board of Directors and approved by the President or Executive Director. All money of ACMI shall be deposited in the bank or banks approved by the Board of Directors. The Treasurer shall make a report at the Annual Meeting of ACMI or at such other time when called upon by the President.

The duties of the Treasurer, when determined by the Board of Directors, may be assigned in whole or in part to the President or Executive Director, in which case such person shall act as Assistant Treasurer.

At the expiration of his or her term of office, the Treasurer shall deliver over to his or her successor all books, monies, and ACMI property, or in the absence of the Treasurer-elect, to the President.

Section 5. Secretary. The Secretary shall have responsibility for maintenance of the records and documents of ACMI and is authorized to sign documents required by law or necessary to the conduct of association business.

Section 6. Bond. The Treasurer, the President, the Executive Director, or any other

person entrusted with the handling of ACMI's funds or property, shall, at the discretion of the Board, furnish at ACMI's expense, a fidelity bond, approved by the Board in such sum as the Board shall prescribe.

Section 7. Vacancies. In the event that a vacancy occurs in any officer position, the Board may elect a successor officer for the unexpired term at any regular or special meeting of the Board. Alternatively, in the event that a vacancy occurs in the office of the President or the Vice President, the President, Vice President, or Executive Director, when he or she deems necessary, may issue a call for a special meeting of the Board on ten (10) days' notice to elect a new President or Vice President.

Section 8. Except as otherwise provided by law, these Bylaws, or resolution of the Board of Directors, the President, Treasurer, or Executive Director shall sign for ACMI all deeds, agreements, checks, and other formal instruments.

## ARTICLE XI Committees

Section 1. There may be such committees as from time to time may be deemed necessary by the Active Members at any meeting, or by the Board of Directors. Membership in such committees shall be determined by the President, subject to the approval of the members if at a members' meeting, or by the Board of Directors if at a Board of Directors' meeting. The President shall appoint from its members, and may remove, a chairperson or co-chairpersons of each committee. The President shall be a nonvoting member *ex officio* of all committees. Only committees all of whose voting members, which must be at least three, are Directors who have been approved for membership on such committee by the Board of Directors ("Committee of the Board") have authority to act for the Board of Directors, except that as set forth in Section 2 of this Article XI, voting members of the Executive Committee must be both Directors and approved by a majority of the entire Board of Directors. All committees serve at the pleasure of the Board of Directors. A majority of the voting members of any committee shall constitute a quorum at all meetings. The Chairperson(s) of the committee, or a majority of the Board, may call an executive session for all or any part of any meeting of a committee upon prior written notice to the committee members of the purpose(s) of such session. Only committee members, Board members and other invited individuals may attend an executive session.

Section 2. There shall be a standing committee known as the Executive Committee. The President, the Vice President, the Treasurer, the Secretary, and the Immediate Past President, if a member of the Board of Directors, shall serve *ex officio* as voting members of the Executive Committee. In addition, up to two other Directors may be elected by a majority vote of the entire Board of Directors to serve as voting members of the Executive Committee. The Executive Committee shall have authority to act for the Board of Directors on all matters; except, however, that the Executive Committee may not act for the Board of Directors on the following matters: (1) the submission to members of the Board of Directors of any action requiring such members' approval; (2) the filling of vacancies on the Board of Directors or on any committee; (3) the fixing of compensation of the Directors for serving on the Board of Directors or any committee; (4) the amendment or repeal of the Bylaws or the adoption of new Bylaws; (5) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable; (6) the election or removal of Officers and Directors; (7) the approval of a merger or plan of dissolution; (8) the adoption of a resolution recommending to the members action on the sale, lease, exchange or other disposition of all or substantially all the assets of ACMI; and (9) the approval of amendments to the certificate of incorporation.

Section 3. There shall be a standing committee known as the Audit Committee, comprised solely of Directors not serving on the Executive Committee, who shall be appointed by a majority of the Board of Directors and shall include one director with a background in accounting. In addition, the Treasurer shall be a nonvoting member *ex officio* of the Audit Committee. The Audit committee will be responsible for, inter alia, the following tasks: (1) oversee the accounting and financial reporting processes of ACMI; (2) plan and review any and all audits with an independent auditor before, during, and after such audit; (3) review the performance of the independent auditor annually; (4) upon request, report to the Board of Directors the activities and findings of the Audit Committee; (5) oversee the adoption, implementation, and compliance with, the Conflict of Interest and Whistleblower policies; and (6) any other activity as is deemed appropriate and necessary in the discretion of the Audit Committee and/or the Board of Directors.

## ARTICLE XII Action Without a Meeting

Except as otherwise provided in the Certificate of Incorporation or by these Bylaws, any action required or permitted to be taken at any meeting by the members, the Board, or any Committee of the Board (as defined in Section 1 of Article XI), may be taken without a meeting, without prior notice and without a vote, upon the consent of all of the members, all of the Directors, or all of the members of the Committee of the Board entitled to vote thereon, as the case may be, which consent shall set forth the action so taken. Such consent may be written or electronic. If the consent is written, it must be executed by the respective member, Director, or committee member by signing such consent or causing his or her signature to be affixed to such consent by any reasonable means including, but not limited to, facsimile signature. If the consent is electronic, it must be able to be reasonably determined to have been sent by the respective member, Director, or committee member.

## ARTICLE XIII Telephone Conference Meetings of the Board or Committees

Unless otherwise restricted by the Certificate of Incorporation or the Bylaws, any one or more members of the Board, or any committee thereof, may participate in a meeting of such Board or committee by means of a telephone conference or similar communications equipment allowing persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

## ARTICLE XIV Seal

Section 1. The seal of ACMI shall contain the legend “The Art and Creative Materials Institute, Inc.” in the shape of a circle, together with the words “New York”, “1936”.

## ARTICLE XV Indemnification of Directors and Officers

Section 1. ACMI shall provide for the indemnification of any and all its Directors and Officers, or former Directors and Officers, against expenses actually and necessarily incurred by them in connection with the defense of any action, suit, or proceeding, in which they or any of them are made

parties, or a party, by reason of having been Directors or Officers of ACMI, as permitted under Sections 722, 723, 724 and 725 of the New York Not-for-Profit Corporation Law.

Section 2. Nothing in this Article shall prevent an individual from petitioning a court for indemnification pursuant to Section 723 of the New York Not-for-Profit Corporation Law.

Section 3. Pursuant to Section 726 of the New York Not-for-Profit Corporation Law, ACMI may purchase and maintain insurance to indemnify ACMI for any obligation which it incurs as a result of the indemnification of Directors and Officers under the provisions of this Article, and to indemnify Directors and Officers in instances in which they may be indemnified by ACMI.

## ARTICLE XVI Non-Profit Corporation and Rights on Dissolution

Section 1. ACMI is a non-profit corporation and no part of its accumulated funds shall insure to the benefit of any member, employees or officers of any member.

Section 2. Upon dissolution of ACMI, its then existing net assets shall be distributed among the then existing Active Members ratably in proportion to their respective contributions paid by them for the fiscal year preceding the year of dissolution.

## ARTICLE XVII Amendments

Section 1. These Bylaws may be amended in whole or in part by a majority of the Board of Directors at its meeting or at the Annual Meeting of the members, by a majority of the members who are entitled to vote.

Section 2. Any Bylaw adopted by the Board of Directors may be amended or repealed by the members who are entitled to vote and, unless otherwise provided in the certificate of incorporation or the Bylaws adopted by the members, any Bylaw adopted by the members may be amended or repealed by the Board of Directors.

Section 3. Notwithstanding the above Section 1, to include, remove, or modify a provision in these Bylaws which will serve to increase above a simple majority the proportion of members of the Board of Directors that constitutes a quorum, shall require a vote of two-thirds (2/3) of the members entitled to vote.

## The Art and Creative Materials Institute, Inc.

### Conflict of Interest Policy

#### 1. Purpose

All directors, officers and Key Employees of The Art and Creative Materials Institute, Inc. ("ACMI" or "the Corporation") owe a duty of loyalty to ACMI and must act in good faith and in ACMI's best interests, rather than in their own interests or the interests of another entity or person, and must comply with applicable legal requirements. The purpose of this Conflict of Interest Policy is to protect ACMI when it is contemplating entering into a transaction, agreement or arrangement that might benefit the private interest of a director, officer or Key Employee of ACMI, or any Relative of such persons and to set forth procedures for monitoring, reporting, review, approval or ratification of such transaction, agreement, or arrangement.

#### 2. Definitions

- (a) **Conflict of Interest:** A "Conflict of Interest" exists where there is any potential transaction, agreement, or other arrangement with the Corporation in which a director, officer or Key Employee has a direct or indirect personal or financial interest, including any transaction, agreement, or arrangement in which any Related Party has a direct or indirect financial interest.
- (b) **Disinterested Director:** A "Disinterested Director" is a director with no Conflict of Interest in a proposed transaction, nor any direct or indirect financial interest in a proposed Related Party Transaction.
- (c) **Interested Person:** An "Interested Person" is any director, officer, or Key Employee that has a direct or indirect personal or financial interest in a proposed or existing transaction in which ACMI is a participant, or any direct or indirect financial interest in any proposed or existing Related Party Transaction.
- (d) **Key Employee:** A "Key Employee" is any employee in a position to exercise substantial influence or control over ACMI's affairs.
- (e) **Related Party:** A "Related Party" is any director, officer, or Key Employee of the Corporation, or any Relative of such persons, or any entity in which such a person or their Relative(s) has a 35% or greater ownership or is a general partner, director, or officer, or if the entity is a partnership or a professional corporation, a direct interest in excess of 5%.
- (f) **Related Party Transaction:** A "Related Party Transaction" is any transaction in which a Related Party has a financial interest and in which the Corporation is a participant.

- (g) **Relative:** A "Relative" of an individual means his or her spouse or domestic partner (as defined in Section 2994-a of the New York Public Health Law), ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, great-grandchildren.

### 3. **Duty to Disclose Conflicts of Interest and Procedures for Disclosure**

Each director, officer, and Key Employee of the Corporation shall promptly disclose the existence of any potential Conflicts of Interest or Related Party Transactions, and all related material facts to the Audit Committee. Any director, officer, or Key Employee who is uncertain about a possible Conflict of Interest in any matter should request the Audit Committee to make a determination.

### 4. **Procedures for Addressing a Conflict of Interest**

- (a) **Audit Committee Review of Disclosures:** All disclosures shall be provided to and reviewed by the Audit Committee consisting entirely of Disinterested Directors who have no Conflict of Interest in the proposed transaction. The Audit Committee will discuss those disclosures, if any, that identify a potential concern with the disclosing party to determine whether a Conflict of Interest exists and address the matter in an appropriate manner consistent with this policy.
- (b) **Addressing and Reviewing Conflicts of Interest:** Prior to ACMI's entering into a transaction involving a Conflict of Interest, including a Related Party Transaction:
  - i. **Presentation of Interested Person:** An Interested Person in the transaction may make a presentation at the meeting of the Audit Committee regarding the proposed transaction, but must leave the meeting prior to commencement of deliberations and voting, and must refrain from participating in deliberations and voting on the proposed transaction.
  - ii. **Disinterested Director Voting:** After exercising the requisite due diligence, the transaction may only be approved upon the affirmative vote of a majority of the members on the Audit Committee, which consists entirely of Disinterested Directors. In any Related Party Transaction, the Audit Committee conducting such vote shall determine whether the transaction is fair, reasonable and in ACMI's best interest at the time of the determination. In their determinations, the Audit Committee shall consider alternatives to the proposed transaction to the extent available.
  - iii. **Non-Participation/Influence:** In no event shall an Interested Person or a Related Party vote, act or participate in or attempt to influence the deliberations or voting with respect to such transaction if such Interested Person or Related Party or any Relative thereof has a direct or indirect financial interest in the transaction.

## **5. Records of Proceedings**

The minutes of the Audit Committee shall document in writing the basis of its decision regarding whether a transaction creates a Conflict of Interest and, if so, whether to approve the transaction notwithstanding the Conflict of Interest. Such documentation shall include:

- (a) The name(s) of the Interested Person(s) or Related Party who disclosed the Conflict of Interest and the material facts related thereto; and
- (b) The names of the directors who were present for the Audit Committee discussions and votes, the nature of the conflict, the details of the Audit Committee's deliberations (such as documents reviewed, alternatives considered, comparative costs, and market value), whether the Interested Person was present during deliberations or during the vote, a record of the vote, and the resolution of the conflict.

## **6. Votes on Compensation**

A director is precluded from voting on matters pertaining to the compensation paid by the Corporation to such director, a Relative of such director or a Related Party who is characterized as such by reason of its relationship to such director.

## **7. Notice of Proceedings**

Upon making its decision, the Audit Committee shall provide notice to the Executive Committee and the Board of Directors of the Conflict of Interest and the Audit Committee's decision.

## **8. Annual Written Disclosure**

Directors, officers, and Key Employees shall disclose in writing any existing or potential Conflicts of Interest as they arise during the year. Additionally, prior to a director's or officer's acceptance of his or her appointment or prior to a Key Employee's commencing his or her employment with the Corporation, and thereafter on an annual basis, each director, officer and Key Employee of the Corporation shall sign and deliver to the Secretary of the Corporation a written statement disclosing:

- (a) Any potential or existing Conflict of Interest such director, officer, or Key Employee may have in a proposed or existing transaction with the Corporation, and the direct or indirect financial interest such director, officer or Key Employee or Relative thereof may have in the transaction, including but not limited to financial interests in any corporation, organization, partnership or other entity or organization which provides professional or other goods or services to the Corporation for a fee or other compensation;

- (b) Any corporation, organization, partnership or other entity with which the Corporation has a relationship and with respect to which such director, officer or Key Employee or a Relative thereof is an officer, director, trustee, member, owner or employee or is serving in any position or has any other material relationship with such entity; and
- (c) Any transaction in which the Corporation is a participant and in which the director, officer or Key Employee might have a Conflict of Interest.

If any material change occurs to a previously-signed annual written statement (e.g., a director, officer or Key Employee acquires a financial interest in a proposed transaction not previously disclosed), an updated written statement shall be promptly signed and delivered to the Trustees.

The Secretary of the Corporation shall provide a copy of each annual statement (and update thereto) to the chair of the Audit Committee. A copy of each annual statement (and update thereto) shall be kept in the Corporation's records.

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

If the Audit Committee has reasonable cause to believe an Interested Person has failed to disclose a Conflict of Interest transaction, they shall inform such Interested Person of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose.

If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Audit Committee determines that the Interested Person failed to disclose a potential Conflict of Interest relating to a proposed transaction, it shall take appropriate disciplinary and corrective action.

## **ANNUAL STATEMENT**

### **The Art and Creative Materials Institute, Inc.**

#### **CONFLICT OF INTEREST POLICY**

Pursuant to Article VI of the Conflict of Interest Policy adopted by The Art and Creative Materials Institute (the "Corporation"), I, as a director, officer, or Key Employee of the Corporation, attest to the following:

- I have received a copy of the Corporation's Conflict of Interest Policy;
- I have read and understand the Corporation's Conflict of Interest Policy;
- I agree to comply with the Corporation's Conflict of Interest Policy; and
- I understand that the Corporation is a charitable organization under Section 501(c)(6) of the Internal Revenue Code, 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.

#### **ANNUAL DISCLOSURE STATEMENT**

Except as set forth below, pursuant to Paragraph 8 of the Conflict of Interest Policy, I, as a director, officer or Key Employee of the Corporation, hereby declare that neither I nor to the best of my knowledge any Relative of mine:

- Have a Conflict of Interest, as such term is defined in Paragraph 2(a) of the Conflict of Interest Policy, in a proposed or existing transaction with the Corporation;
- Am required to disclose a proposed or existing Related Party Transaction, as such term is defined in in Paragraph 2(f) of the Conflict of Interest Policy, or any direct or indirect financial interest that I or a Relative has in such Related Party Transaction, including but not limited to any financial interest that I or a Relative may have in any corporation, organization, partnership or other entity or organization which provides professional or other goods or services to the Corporation for a fee or other compensation;
- Am an officer, director, trustee, member, owner or employee or is serving in any position or other material relationship with any corporation, organization, partnership or other entity with which the Corporation has a relationship; or
- Have a conflict of interest in a transaction in which the Corporation is a participant.

Disclosure of potential or existing Conflicts of Interest, Related Party Transactions and positions with any corporation, organization, partnership or other entity with which the Corporation has a relationship:

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

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

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

## **The Art and Creative Materials Institute, Inc.**

### **Whistleblower Policy**

This Whistleblower Policy of The Art and Creative Materials Institute, Inc. (“the Corporation” or “ACMI”): (1) encourages the Board of Directors, staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the Corporation; (2) specifies that the Corporation will protect the person from retaliation; and (3) identifies where such information can be reported.

1. *Encouragement of reporting.* The Corporation encourages complaints, reports, or inquiries about illegal practices or serious violations of the Corporation’s policies, including illegal or improper conduct by the Corporation itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies.
2. *Protection from retaliation.* The Corporation prohibits retaliation by, or on behalf of, the Corporation against any director, staff or volunteer for making good faith complaints, reports, or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The Corporation reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries, or who otherwise abuse this policy.
3. *Where to report.* Complaints, reports, or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the Corporation’s chief employed executive or President of the Board of Directors; if both of those persons are implicated in the complaint, report or inquiry, it should be directed to the Treasurer of the Board of Directors. The Corporation will conduct a prompt, discreet, and objective review or investigation. The Corporation may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously. Upon completion of the investigation, the chief employed executive, Chairman of the Board of Directors or the Treasurer of the Board of Directors shall prepare a report of the investigation and present such report to the Audit Committee, comprised of only independent directors.
4. *Audit Committee.* An independent director is any director who (1) is not, and has not been within the last three years, an employee of the Corporation or of an affiliate of the Corporation and who does not have a relative who is, or has been within the last three years, a key employee of the Corporation or of an affiliate; (2) has not received, and does not have a relative who has received, in any of the last three fiscal years of the Corporation, more than \$10,000 in direct compensation from the Corporation or from an affiliate of the Corporation (unless for reimbursement for expenses reasonably incurred as a director or reasonable compensation for service as a director); and (3) is not a current employee of, or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to, or received payments from, the Corporation or an affiliate of the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of \$25,000 or two percent of the Corporation’s consolidated gross revenues.