

NORTHWEST MICHIGAN
ARTS AND CULTURE NETWORK

501(C)(3) TAX-EXEMPT
MICHIGAN NONPROFIT CORPORATION

BASIC GOVERNANCE POLICIES

Table of Contents

Conflict Of Interest Policy
Sample Annual Disclosure

Compensation Policy
Tips/Fact Sheet
Compensation And Job Review Policy

Fundraising And Gift Acceptance Policy

Whistleblower Policy

Document And Record Retention
Tips/Fact Sheet
Document And Record Retention Policy

NORTHWEST MICHIGAN ARTS AND CULTURE NETWORK

CONFLICT OF INTEREST POLICY

1. **Purpose.** The purpose of the conflict of interest policy is to protect the interests of the **Northwest Michigan Arts and Culture Network** (“**Organization**”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or other volunteer, donor, or insider of the Organization; or might result in a possible “excess benefit” transaction in violation of applicable laws and regulations. This policy is intended to supplement but not replace any state and federal laws applicable to nonprofit and charitable organizations.

2. Definitions.

A. **Interested Person.** Any director, officer, member of a committee, volunteer, key donor, or other person that has been delegated powers by the board of directors, who has a direct or indirect financial interest.

B. **Financial Interest.** A person has, directly or indirectly, through business, employment, investment, or family:

- i. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- ii. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- iii. 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.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest has a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

C. **Compensation.** Any direct and indirect remuneration for services as well as gifts or favors that are substantial. This may include discounts, rebates, free goods contingent on a purchase agreement, up-front payments, coupons, goods in kind, free or reduced-price services, grants, or other price concessions or similar benefits.

3. Procedures

A. **Annual Disclosure.** The Organization will make best efforts to have all board directors sign an annual conflicts of interest disclosure statement, such as the statement attached to this policy.

B. **Duty to Disclose.** If a board or committee member believes at any time that they *may* have a conflict of interest in a matter before the board or committee, the person should disclose the potential conflict of interest, including the financial interest and all related material facts. The Organization encourages a transparent atmosphere favoring disclosure.

C. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, the board or committee may request that the Interested Person leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists by majority vote. If the board or committee determines a conflict of interest does not exist, the Interested Person may participate in the subsequent discussion and votes regarding the matter.

D. Voluntary Recusal. The vote of the board or committee notwithstanding, an individual may recuse themselves from voting if the person believes that they will not be able to vote on the matter objectively and will be impermissibly influenced by the private interest of the individual or his or her family members.

E. Procedures for Addressing the Conflict of Interest.

If a conflict of interest or a person determines voluntary recusal is appropriate, the following guidelines shall apply:

- i. An Interested Person may make a presentation at the governing board or committee meeting, but after the presentation, at the request of the board or committee, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- ii. The board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable without more advantageous alternatives. The Board will appoint a disinterested person to make reasonable efforts to investigate alternatives to the extent needed to make this determination.

F. Violations of the Conflicts of Interest Policy.

- i. If the governing board or committee has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- ii. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
- iii. A violation of any portion of this policy shall render the board or committee's action null or void only if a majority of the board determines that the action should be nullified or voided due to the violation of this policy.

4. Records of Proceedings. Board and Committee meeting minutes where a potential or actual conflict of interest arose will reflect: 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 board's or committee's decision as to whether a conflict of interest in fact existed.

5. Compensation. A member of the board or committee who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation. Compensation levels will be set according to the any compensation policy adopted by the Board.

6. Employees, Donors, and Volunteers. To the extent an employee, donor, or volunteer has a Financial Interest in a transaction related to Northwest Michigan Arts and Culture Network's work, the person is not be authorized to influence or make decisions on matters related to the Financial Interest on behalf of the Organization unless the Board determines the Financial Interest is not a conflict of interest.

7. Periodic Reviews. To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted of the organizations compensation arrangements, partnerships or joint

ventures, and any contract or other relationships with insiders of the organization, including substantial donors, board members, and staff.

Adopted by the Board of Directors on June 27, 2018

ATTACHMENT A
SAMPLE ANNUAL CONFLICTS OF INTEREST DISCLOSURE

**NORTHWEST MICHIGAN ARTS AND CULTURE NETWORK
BOARD OF DIRECTORS**

**ANNUAL STATEMENT:
CONFLICT OF INTEREST & CONFIDENTIALITY**

Purpose: When acting as a board member, each member of the Board of Directors of Northwest Michigan Arts and Culture Network (“Organization”) has a duty to when acting the director’s capacity as a board member, I am making decisions based on what is best for the organization act on behalf of the organization, to further its 501(c)(3) purposes, and not in the personal interests of the board member, including:

- **Duty of care:** The duty to actively participate in organizational planning and decision making to advance the Organization’s effectiveness and sustainability; to ensure prudent use of nonprofit assets and compliance with 501(c)(3) tax-exempt status, including facility, people, and good will; and to make sound and informed judgments.
- **Duty of loyalty:** The duty to make decisions in the best interest of the nonprofit corporation; not in the board director’s self-interest. In that capacity, the board member must put the interests of the organization before my own personal or professional concerns; and refrain from voting when the board member has a conflict of interest.
- **Duty of obedience:** Ensure that the nonprofit obeys applicable laws and acts in accordance with ethical practices; that the nonprofit adheres to its stated corporate purposes, and that its activities advance its mission.

This statement aids in consistent application and understanding of the rules around conflict of interest and confidentiality, and protects the integrity of the Board’s decision-making process.

As a board director of Northwest Michigan Arts and Culture Network, I agree to and acknowledge the following.

1. **Duties.** I understand I have duties of care, loyalty, and obedience to the Organization. I am responsible for ensuring the Organization’s is a responsible steward of its assets to further 501(c)(3) tax-exempt purposes, and when I act in my capacity as a board member, I am making decisions based on what is best for the organization. In that capacity, I must put the interests of the organization before my own personal or professional concerns.
2. **Confidential Information.** I may have access to certain confidential information of the Organization, including donor and financial information (the “**Confidential Information**”). I understand:
 - A. I have access this information for the benefit of the Organization, not for the benefit of my personal or business interest or the interest of other Organizations with which I may be affiliated.
 - B. I will use my professional judgment and discretion in discussing policies, actions and procedures of the Organization and in all other matters with respect to my service as a member of the Board, and will treat all Confidential Information as strictly confidential.
 - C. I will not release or disclose any Confidential Information to anyone outside of the Board unless authorized by the Board or otherwise required.
 - D. This obligation is perpetual, and my obligation to not release or disclose Confidential Information shall continue even if my association with the Organization ends.
3. **Conflicts of Interest.** I have read and reviewed the conflict of interest policy of the Organization. A conflict of interest includes but is not limited to matters: concerning or

providing a private benefit to myself; involving any entity or relationship where I may have a financial gain; or concerning my household or relatives. Pursuant to the Organization Conflict of Interest Policy:

- A. I will disclose to the Board when I have an actual or potential conflict of interest between the organization and my own personal or professional interests, including my interests as a member.
- B. I will avoid deliberating, voting, or failing to disclose situations which are conflicts of interest.
- C. I will update the Board on conflicts of interest as they arise.

4. **Conflict of Interest Disclosures:** The follow statements are, to the best of knowledge, accurate statements for myself and my immediate family members for the past and future 12-month period:

Ownership: Describe any ownership interests that an independent observer could conclude that they appear to influence or potentially conflict with any of your role as a board member of the Organization. *Ownership includes an investment, economic and/or voting interest an interest involving a corporation, company, partnership, or any other entity in which a person is an owner or part owner; including equity, land, goods,, services, or intellectual property.*

Compensation: Describe any compensation that an independent observer could conclude influences or potentially conflicts with your role as a board member of the Organization. *Compensation includes salary, fees, commissions, or other economic benefit.*

- 5. If I have a question about the scope of the confidentiality or conflict of interest provisions, I will err on the side of caution and ask staff or my fellow board members for help and clarification.
- 6. I understand that this policy is meant to be a supplement to good judgment, and I will respect its spirit as well as its wording.

With my signature below, I acknowledge the foregoing:

_____ Date: _____
 By:

NONPROFIT BOARD MEMBER DUTIES: COMPENSATION POLICY TIPS/FACT SHEET

Purpose of policy: The IRS requires that 501(c)(3) organizations pay no more than “**reasonable compensation**.” This policy provides the process to follow with IRS-recommended procedures.

Scope of policy: This policy addresses legal requirements. The Board may want to consider additional procedures/considerations to address other important factors in its role determining who performs work on behalf of the organization and their compensation for doing so.

A few notes on the legal requirements:

- Why “reasonable compensation”?** IRC 501(c)(3) prohibits inurement of the net income of an organization to any private shareholder or individual.
 - Reg. 1.501(c)(3)-1(c)(2) states that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private individuals.
 - Reg. 1.501(a)-1(c) provides the definition of "private shareholder or individual: "having a personal and private interest in the activities of the organization."
 - Reasonable Compensation is not inurement.
- What are the penalties for violating the limit?** In addition to public trust/perception problems, there are tax consequences: excess compensation must be returned, and there is a tax on the recipient *and on each individual board director who knowingly participated in paying excessive compensation (exception if not willful or done with reasonable cause)*.
- What is “compensation”?** Compensation is not just wages and salary – it also includes fringe benefits, severance, deferred compensation plans, and other special pay arrangements. It excludes nontaxable fringe benefits and expense reimbursements paid in accordance to a plan (such as reasonable expenses for attending board meetings).
- What is “reasonable”?** There is a two part test for reasonableness: (1) amount of compensation and (2) purposes of compensation (services rendered)
 - Factors to consider include: were the negotiations arms length (no related party involvement)? What is the pay in comparable organizations, with similar size, mission, and geographic location? What are the key employee’s credentials and performance metrics? What was the position’s previous compensation/history?
- Some tips:**
 - Percent fees are usually unreasonable unless there is a cap, but the IRS has in some circumstances approved percent compensation as an incentive for increased performance.
 - There is a “rebuttable presumption” that compensation was reasonable if approved by noninterested board directors; the organization relies on comparable data in approving the transaction; and the board documents its decision and the reasoning.

Northwest Michigan Arts and Culture Network

COMPENSATION AND FINANCIAL PROCEDURES POLICY

Purpose. It is the policy of the **NORTHWEST MICHIGAN ARTS AND CULTURE NETWORK** (“Organization”) to pay no more than reasonable compensation for goods and services, and employ best practices for financial recordkeeping and expenditures, in a manner consistent with its status as 501(c)(3) tax-exempt organization.

SECTION I: EXECUTIVE COMPENSATION

1. Positions Subject to this Policy.

- A. **Chief Employees.** The individual or individuals who have the ultimate responsibility for implementing the decisions of the Organization’s governing body or for supervising the management, administration, or operations of the Organization, including the Organization’s top management official and top financial official. If this responsibility resides with more than one individual, then each individual should be included.
- B. **Officers.** A person elected or appointed to manage the Organization’s daily operations, such as a president, vice-president, secretary, or treasurer, if that person receives compensation.
- C. **Key Employees or Contractors.** Other employees or contractors that receive more than \$50,000 in compensation from the Organization in a calendar year ending with or within the Organization’s tax year; or any individual who has significant power or influence over the Organization.

2. Annual Job Review & Compensation Approval Process.

The process for reviewing and determining compensation for the positions subject to this policy is as follows:

- A. **Annual Position Expectations.** For each position subject to this policy, by the beginning of each year, or as soon as practicable thereafter, the Board will review and set expectations for each position. The expectations shall provide clear expectations; be realistic; and be developed with the intent of using them to evaluate the individual’s performance.
- B. **Annual Board Conflict of Interest Report.** Each year, the board shall determine how many of its voting members are “independent,” within the meaning of the Internal Revenue Code and related regulations. To be “independent,” the board member and its immediate family members generally must not have received more than \$10,000 in compensation from the organization. Any board member with a conflict of interest shall not vote on compensation under this policy.
- C. **Periodic Evaluation.** At the end of each year, the directors who are independent (“**Independent Board**”) shall review the performance of the each position subject to this policy, based on the expectations that had been set by the board for the previous year, and give feedback to the position.
- D. **Compensation Evaluation.** The Independent Board shall annually review the compensation for each position subject to this policy. The review will be based on the position’s evaluation and shall determine whether the compensation is “reasonable,” sufficient to meet the requirements of the Internal Revenue Service code and regulations. The board will make reasonable efforts to use the following process:
 - An independent board member (or a designated independent committee) will obtain research and information to make a recommendation to the full board for the compensation (including salary and benefits) of positions subject to this policy. For

example, the information might document compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations, such as:

- Salary and benefit compensation studies by independent sources;
 - Written job offers for positions at similar organizations;
 - Documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
 - Information obtained from the IRS Form 990 filings of similar organizations.
- The Independent Board will maintain a record of how it reached its decisions, such as in minutes of the meeting during which the compensation was approved, which will include information regarding: the data on which it relied, the compensation/benefit approved and considered, and the board directors who were present for the discussion and vote.
 - Where the Independent Board determines it to be practicable, it will make reasonable efforts to rely on the IRS “safe harbor,” which requires obtaining at least three comparable pieces of data.
- E. **Other Compensation Approval.** Where practicable, the Organization will use the above procedure for all employee and contractor compensation decisions, regardless of whether it is a “key” employee.

SECTION II: FINANCIAL POLICIES

1. **Principles.** The Organization will make reasonable efforts to use best practices for financial management, including the following:
 - A. **Clear Lines of Authority.** The Organization will develop clear lines of authority to ensure all financial transactions are properly authorized, appropriated, executed and recorded, including: Who approves which elements of the fiscal systems (expenses, budgets, etc.)? When and how is approval documented? Who develops and approves the fiscal policies themselves? Who has the authority to change a fiscal policy, and how often are policies reviewed and changes approved?
 - B. **Conflict of Interest.** All employees and members of the Board are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee or Board member conflict with the interests of the Organization. Both the fact and the appearance of a conflict of interest should be avoided.
 - C. **Segregation of Duties.** The Organization financial duties will be distributed among multiple people to help ensure protection from fraud and error. The distribution of duties will aim for maximum protection of the Organization’s assets while also considering efficiency of operations.
 - D. **Physical Safety.** The Organization will maintain physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, real estate and other valuable property.
 - E. **Annual Budget.** The Organization will develop a process and clear responsibility for an annual budget, including approval and modification of the budget.
 - F. **Revenue.** If the Organization has revenue sources from grants or services, all grants and projects will be invoiced monthly and the Organization will have clear authority for who records revenue and how. All contributions will be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117.
2. **Fair Market Value/Reasonable Compensation.** The Organization will ensure that expenditures for services, goods, and other assets are fair market value or less, such that no

private benefit or inurement results from Organization's expenditures or other financial transactions.

3. **Recordkeeping.** The Organization will make reasonable efforts to use best practices for financial recordkeeping, including the following:
 - A. **Reconciliation.** Bank account reconciliations will occur in a timely manner. When possible, reconciliation will be performed by someone other than the person approving the transactions.
 - B. **Internal Financial Reports.** Internal financial reports will be made at regular intervals and reviewed by the Board.

Adopted by Board on June 27, 2018

Northwest Michigan Arts and Culture Network

FUNDRAISING AND GIFT ACCEPTANCE POLICY

Northwest Michigan Arts and Culture Network (“Organization”) encourages the solicitation and acceptance of gifts to further and fulfill its mission and tax-exempt 501(c)(3) purposes.

The following policies and guidelines govern the solicitation and acceptance of gifts made to the Organization or for the benefit of any of its programs. These following policy provides guidelines that the Organization will implement as practicable but it may make exceptions on a case-by-case basis if approved by the Board of Directors.

Section I- General Procedures

1. **Oversight.** All fundraising activity for the Organization will be coordinated and directed by the President, a Board Fundraising Committee, or other persons designated by the Board, subject to Board supervision.
2. **Fundraising Professionals.** The Organization will not use professional fundraisers unless authorized by the Board with representation evidenced by written agreement. Any third party fundraisers must be registered with appropriate state and local authorities and used in a manner consistent with law. The Organization will keep all expenditures on fundraising to a reasonable amount.
3. **Truth and Accuracy in Solicitation.** The Organization strives to employ fundraising methods that are ethical and honest and encourage donors to give voluntarily, based on their interest and knowledge of the purpose, programs and achievements of a nonprofit. All solicitation and fundraising materials and other communications to donors and the public will be accurate and truthful and will not be misleading. If a solicitation is for an unrestricted donation, the Organization will strive to clearly indicate that on the solicitation. If donations are limited to a specific project, all solicitations shall identify that the Organization will receive the contribution and clearly describe the purpose or programs for which the contributed funds will be used. (Example language is included in **Appendix A**. This language is sample language that the Organization may use or modify in its discretion.)
4. **Solicitation of Funds.** The Organization will make good faith efforts to actively solicit funds in states and from residents of states in which it has registered to solicit funds, if legally required by the state. If the Organization solicits funds on the website, it will place a disclaimer on the website similar the following: *The Organization is actively soliciting funds from residents of [Michigan, Florida, and Ohio]. If you are a resident of another state and are interested in learning more about how you can support the Organization, please contact us prior to making your donation.*
5. **Donor Acknowledgment.** The Organization shall provide all donors with specific acknowledgments of charitable contributions in accordance with legal requirements for proper donor substantiation and the organization's disclosure.
 - A. Donor Acknowledgments will state the name of donor, date received, restrictions if applicable, and a description of the gifted property.
 - B. Donor acknowledgements will be sent as soon as practicable after the gift is received and no later than January 15 of the year following the year the donation as received. I

- C. If the donor received something of value in exchange for the gift, the receipt will state the value of the item received; otherwise, the receipt shall state: "No goods or services were received in exchange for this gift."
6. **Donor Privacy.** The Organization will provide a secure environment for collecting donations and maintain internal controls ensuring the safekeeping of all confidential donor financial and personal information. The Organization shall publish a privacy policy on its website and explain upon request how donor information is collected and used. The Organization allows donors to "opt-out" of making their private information available. (Example language is included in **Appendix A**. This language is sample language that the Organization may use or modify in its discretion.)
 7. **Record Keeping.** Gift records reflecting the name of the donor and details of the gift will be maintained in an electronic database. The board of directors and/or others as they may designate are responsible for maintaining gift records.
 8. **Securing appraisals and legal fees for gifts to the Organization.** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Organization.
 9. **Valuation of gifts for development purposes.** The Organization will record a gift received by the Organization at its valuation for gift purposes on the date of gift.
 10. **Sale of gifts.** The staff and/or board of directors of the Organization are responsible for filing IRS Form 8282/8283 upon the sale or disposition of any asset sold within two years of receipt by the Organization when the charitable deduction value of the item is more than \$5,000. The Organization must file this form within 125 days of the date of sale or disposition of the asset.

Section II Gift Acceptance Policies and Guidelines

1. **Purpose of Policies and Guidelines.** These policies and guidelines govern the acceptance of gifts by the Organization and provide guidance to prospective donors and their advisors when making gifts to the Organization. The provisions of these policies shall apply to all gifts received by the Organization for any of its programs or services.
2. **Use of Legal Counsel.** The Organization shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for documents naming the Organization as Trustee, gifts involving contracts requiring the Organization to assume an obligation, and transactions with potential conflict of interest that may invoke IRS sanctions.
3. **Conflict of Interest.** The Organization will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.
4. **Restrictions on Gifts.** The Organization will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board of Directors. The Organization will not accept gifts in the following instances:

- A. Gifts that violate the terms of the articles of incorporation;
- B. Gifts that do not fit within the stated mission of the organization;
- C. Gifts that are too difficult to administer;
- D. Gifts that are for purposes outside the Organization's mission and tax-exempt purposes;
- E. Gifts that are too restrictive in purpose;
- F. Gifts with a potential conflict of interest that may invoke IRS sanctions; or
- G. Gifts that are for illegal or unethical purposes.

5. Types of Gifts. The following gifts will be accepted subject to the terms in this policy:

- A. **Cash.** Cash is acceptable in any form. Checks shall be made payable to the Organization.
- B. **Tangible Personal Property:** All other gifts of tangible personal property shall be examined in light of the following criteria:
 - i. Does the property fulfill the mission of the Organization?
 - ii. Is the property marketable?
 - iii. Are there any undue restrictions on the use, display, or sale of the property?
 - iv. Are there any carrying costs for the property?
- C. **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of the real property, the gift shall be approved by the board of directors. Criteria for acceptance of the property shall include:
 - i. Is the property useful for the purposes of the Organization?
 - ii. Is the property marketable?
 - iii. Are there any restrictions, reservations, easements, or other limitations associated with the property?
 - iv. Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- D. **Charitable Remainder or Charitable Lead Trusts.** The Organization may accept designation as remainder beneficiary of a charitable remainder or charitable lead trust with the board of directors. The Organization will not accept appointment as Trustee of a charitable remainder trust.
- E. **Bequests.** Donors and supporters of the Organization will be encouraged to make bequests to the Organization under their wills and trusts. Such bequests will not be recorded as gifts to the Organization until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- F. **Stock and Securities.** The Organization will not accept privately-held stock or securities subject to transfer restrictions. Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. All marketable securities will be sold promptly upon receipt unless otherwise directed by the Board, in accordance with applicable rules around nonprofit investment management.
- G. **Other Forms of Gifts.** Other forms of gifts may be accepted by the board of directors, so long as the board ensures that all relevant legal and ethical considerations are considered.

Adopted by Board on June 27, 2018

APPENDIX A SAMPLE LANGUAGE

Solicitation Restrictions and Refund

ABC Organization strives to employ fundraising methods that are ethical and honest and encourage donors to give voluntarily, based on their interest and knowledge of the purpose, programs and achievements of a nonprofit. All solicitation and fundraising materials and other communications to donors and the public will be accurate and truthful and will not be misleading. Unless the donor specifically restricts a donation with a message to ABC Organization, donations given through the website are considered unrestricted donations that ABC Organization may use for any purpose that it determines in its discretion to further its tax-exempt 501(c)(3) mission in its discretion. ABC Organization reserves the right to refuse any restricted gift if it determines accepting the gift would be inconsistent with its gift acceptance policies. If a donor specifically restricts the purposes of a gift and believes it is not used for the purposes for which it was solicited, please contact ABC Organization immediately. If we cannot address your concerns, your restricted gift donation will be refunded.

Online Data Collection Disclosure

As you navigate through and interact with our website, we may also automatically collect certain information about your equipment, browsing actions and patterns, including details of your visits to our website, including traffic data, location data, logs and other communication data and the resources that you access and use on the website; information about your computer and internet connection, including your IP address, operating system and browser type; and other information obtained through third party analytics tools, such as Google Analytics. Google has created a tool to opt out of Google Analytics.

This website contains links to other sites. Please be aware that ABC Organization is not responsible for the privacy practices of such other sites. We encourage our users to be aware when they leave our site and to read the privacy statements of each and every website that collects personally identifiable information. This privacy statement applies solely to information collected by this website.

Donor Privacy Rights

ABC Organization strives to protect the financial information of donors. We will provide a secure environment for collecting donations and maintain internal controls ensuring the safekeeping of all confidential donor financial and personal information. Upon request, we will provide information on how your information is collected and used. You may “opt-out” of making your private information available or shared or ask to be removed from any ABC Organization solicitation or mailing list. Please be aware that although ABC Organization makes every effort to preserve donor and customer privacy, we may need to disclose personal information when we have a good-faith belief that such action is necessary to comply with a current judicial proceeding, a court order or other legal or administrative process.

Northwest Michigan Arts and Culture Network

WHISTLEBLOWER POLICY

1. **Purpose.** Northwest Michigan Arts and Culture Network (“**Organization**”) is committed to high standards of lawful, safe, and ethical behavior in all of its activities and conduct. All representatives of the organization are expected to practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. This policy is intended to establish procedures creating an environment where any suspected legal, ethical, or financial impropriety or misuse of the organization’s resources is encouraged to be reported and can be reported in confidence and without retaliation.
2. **Application.** This Policy applies to individuals and any eligible legal entities, including the following: all of the Organization’s staff, whether full-time, part-time, or temporary employees, to all volunteers, to all who provide contract services, and to all officers and directors and board committee members (“**Protected Individuals**”).
3. **Reporting.**
 - A. **Responsibility.** This Whistleblower Policy is intended to encourage and enable the raising of serious concerns internally so that the organization can address and correct inappropriate conduct and actions. It is the responsibility of Protected Individuals to report concerns about suspected violations of law, regulations, or policies that govern the organization’s operations, or other unethical or illegal practices, including without limitation the following:
 - Questionable or improper matters regarding bookkeeping, accounting, internal accounting controls, or auditing matters;
 - Instances of suspected fraud;
 - Unethical corporate conduct;
 - Violation of Local, State, or Federal laws or regulations;
 - Substantial and specific danger to the individual’s or public’s health and safety;
 - Harassment (including sexual);
 - Drug or alcohol use or abuse;
 - Violation of the profession’s code of ethics;
 - Other behavior in conflict with the Organization’s mission, values, policies, or procedures
 - B. **Procedure.** The organization has an open door policy and suggests that employees, volunteers, and contractors promptly share their questions, concerns, suggestions or complaints with their supervisor or with the Compliance Officer, either orally or in writing. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the Compliance Officer, who has the responsibility to investigate all reported complaints. The organization’s Compliance Officer will acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation. The Compliance Officer will advise the Executive Director and/or the Board or Directors of all complaints and their resolution and will report at least annually to the Treasurer on compliance activity relating to accounting or alleged financial improprieties.
 - C. **Confidentiality.** Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

D. **Compliance Officer.** The initial Compliance Officer will be the Board President, or Executive Director if one exists, unless another person is named by the Board of Directors.

4. **No Retaliation.** No Protected Individual shall be subjected to retaliation, discharge, threats, intimidation, harassment, discrimination or other adverse action because the protected individual, or an individual acting on behalf of the protected individual, reports or is about to report, verbally or in writing, a report under this Policy of a violation or a suspected violation, or because the protected individual is requested to participate in an investigation, hearing, or inquiry held by that public body, or a court action. Prohibited adverse actions include but not are limited to actions regarding the individual's compensation, terms, conditions, location, or privileges within the Organization and its activities. Any protected individual who believes that he or she is the subject of any form of retaliation for reporting unethical or illegal activity should immediately report the same as a violation of and in accordance with this Policy.
5. **Consequences for Violating Policy.** Any individual within the Organization who retaliates against another individual for making a report or participating in an investigation under this Policy will be subject to disciplinary action, up to and including termination of employment or volunteer status.
6. **Accounting and Auditing Matters.** The Organization's Compliance Officer shall immediately notify the Treasurer of any concerns or complaint regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved.
7. **Acting in Good Faith.** Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.
8. **Provision of Information to Employees, Volunteers, and Contractors.** The Board will ensure that this provision is given to and acknowledged by all employees, volunteers, and independent contractors.

Adopted by Board on June 27, 2018

NONPROFIT BOARD MEMBER DUTIES: DOCUMENT AND RECORD RETENTION TIPS/FACT SHEET

Purpose of policy: There are various state and federal laws that require organizations to keep and retain records for certain purposes and periods of time. This policy provides guidelines for minimum compliance; however, the organization should check annual for any updated document retention information.

Scope of policy: This policy addresses minimum legal requirements. The Board may want to consider additional procedures/considerations. The Board should designate specific individuals/positions that are responsible for semi-annual reports on record retention (organizational procedures and status of compliance).

A few notes on the legal requirements:

1. **What laws apply?** Various laws may include record and document retention requirements, including the following:
 - A. The **federal Sarbanes-Oxley Act (“SOX”)** requires that 501(c)(3) organizations adopt and implement (a) a whistleblower policy and (b) a document retention policy complying with the SOX requirements. Please note that it is a **felony** to destruct documents to alter or destroy records with the intent of obstructing an investigation or administrative of a matter within the jurisdiction of the federal government.
 - B. **Michigan’s Bullard-Plawecki Employee Right to Know Act** creates requirements for employee record retention, including allowing employees to access their files under certain conditions. Certain documents must be excluded from the personnel file, including medical records and employment references.
 - C. The federal **Health Insurance Portability and Accountability Act of 1996** applies to any organization that creates, receives, or maintains health information.
 - D. The federal **Employee Retirement Income Security Act** provides certain requirements related to employers with retirement and benefit plans.
 - E. There are state and federal requirements around tax return retention.

2. **This seems complex! Are there any basic tips you can give me?** Document and record retention records can definitely be complex but don’t let it overwhelm you. As a few general pointers, consider the following:
 - A. Make a good faith effort to create a good filing system. Create a filing system that makes sense to your organization. Use a consistent system for all your records. Avoid labels such as “other” or “miscellaneous.” Your electronic filing system should correspond with any paper document system.

 - B. Pay attention to the records that must be kept permanently. When in doubt, in Michigan, keep other records for at least seven years (some are shorter time periods; but most are no longer than seven if not on the “permanent” list).

Northwest Michigan Arts and Culture Network

DOCUMENT AND RECORD RETENTION POLICY

3. **Purpose.** The purposes of this document retention policy are for the Northwest Michigan Arts and Culture Network (“**organization**”) to ensure compliance with the Sarbanes-Oxley Act and other applicable law and to promote the proper treatment of corporate records of the organization.
4. **General Guidelines.** Records need not be kept if they are no longer needed for the operation of the business or required by law. From time to time, the organization may establish retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that warrant special consideration are identified below. While minimum retention periods are established, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention, as well as the exception for litigation relevant documents and any other pertinent factors.
5. **Exception for Litigation Relevant Documents.** The organization expects all officers, directors, employees, volunteers, and contractors to comply fully with any published records retention or destruction policies and schedules, provided that all officers, directors, employees, volunteers, and contractors should note the following general exception to any stated destruction schedule: If the records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until it is determined that the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records.
6. **Permanent Records.** The following records should be kept permanently:
 - A. **Organizational Documents.** Organizational records include the organization’s articles of incorporation, by-laws and IRS Form 1023, Application for Exemption, and the IRS tax status determination letter and related correspondence. Organizational records should be retained permanently. IRS regulations require that the Form 1023 be available for public inspection upon request.
 - B. **Press Releases/Public Filings.** The organization should retain permanent copies of all press releases and publicly filed documents under the theory that the organization should have its own copy to test the accuracy of any document a member of the public can theoretically produce against the organization.
 - C. **Insurance.** Expired insurance policies, insurance records, accident reports, claims, etc. should be kept permanently.
 - D. **Meeting Minutes.** Meeting minutes should be retained in perpetuity in the organization’s minute book. This includes board and committee meeting minutes and member meetings, if any.
 - E. **External Audit Records and Certain Financial Records.** External audit reports, tax returns, and year-end financial statements should be kept permanently. Checks should be kept permanently.
 - F. **Property Records.** Real estate deeds, mortgages, blueprints, bills of sale, and personal property depreciation reserves/schedules, etc should all be kept permanently, including outside appraisals.
 - G. **Trademark registration and copyright.** These should be kept permanently with related documents.
 - H. **Certain employee records.** Training manuals, union agreements, and retirement and pension records should be kept permanently.

I. **Correspondence and internal reports directly related to the foregoing or any other legal matter.**

7. **Non-Permanent Records.** The following records should be kept for the time period indicated below (unless another period is required by law or the Organization):

- A. **Other Tax Records.** Other tax records not required to be kept permanently should be retained for 7 years, including without limitation: documents concerning payroll, expenses, proof of contributions made by donors, accounting procedures, and other documents concerning the organization's revenues. Tax records should be retained for at least seven years from the date of filing the applicable return.
- B. **Employment Records/Personnel Records.** State and federal statutes require the organization to keep certain recruitment, employment and personnel information. The organization should also keep personnel files that reflect performance reviews and any complaints brought against the organization or individual employees under applicable state and federal statutes. The organization should also keep in the employee's personnel file all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel. Employment applications should be retained for three years. Certain records related to the Occupation Safety and Health Act must be kept for 30 years after termination, including employee medical, exposure, and environmental workplace monitoring/measuring. Other employment and personnel records should be retained for seven years, including wage information, dates of employment, periods of sick leave, withholding forms, and fringe benefit documentations.
- C. **Board and Board Committee Materials.** A clean copy of Board and Board Committee materials (other than meeting minutes, which are kept permanently) should be kept for no less than three years by the organization.
- D. **Legal Files.** Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for period of ten years.
- E. **Marketing and Sales Documents.** The organization should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, generally three years. An exception to the three-year policy may be sales invoices, contracts, leases, licenses, and other legal documentation. These documents should be kept for at least three years beyond the life of the agreement.
- F. **Contracts.** Final, execution copies of all contracts entered into by the organization should be retained. The organization should retain copies of the final contracts for at least three years beyond the life of the agreement, and longer in the case of publicly filed contracts. This provision applies to grant agreements.
- G. **Correspondence.** Unless correspondence falls under another category listed elsewhere in this policy, correspondence should generally be saved for two years.
- H. **Banking and Accounting.** Accounts payable ledgers and schedules should be kept for seven years. Bank reconciliations, bank statements, deposit slips and checks (unless for important payments and purchases) should be kept for three years. Any inventories of products, materials, and supplies and any invoices should be kept for seven years.
- I. **Internal Audit Records.** Internal audit reports should be kept for three years.

8. **Electronic Files.**

- A. **E-Mail.** E-mail that needs to be saved should be either: (i) printed in hard copy and kept in the appropriate file; or (ii) downloaded to a computer file and kept electronically or on disk as a separate file. The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

B. **Other Electronic Records.** The Organization will strive to keep electronic records of documents, and to backup all electronic data in a secure location.

9. **Personnel Files.** The Organization shall maintain personnel files in the manner required by the **Michigan's Bullard-Plawecki Employee Right to Know Act** and any other applicable laws, including the following provisions:

- A. Personnel records will include (without limitation), to the extent applicable: resumes and applications, employment contracts, acknowledgment of policies, attendance and disciplinary records, performance evaluations, and training records.
- B. Medical records (including any records protected under the Health Insurance Portability and Accountability Act of 1996, as amended) and job-related injury records will be kept separately from the rest of the personnel file and will be kept confidential. The Organization will carefully consider whether it needs to collect any HIPPA-protected information before requesting or collecting such information.
- C. Employees may request review of their personnel records in the manner authorized by the Act. If the Organization is unclear on the extent to which employees are allowed access to their files, the Organization will contact an attorney before providing the employee access to the records.

Adopted by Board on June 27, 2018