



## T.C. State Historic Site, Inc.

### Conflict of Interest Policy Statement

#### *IRS Form 990, Part VI and Form 1023 Compliance*

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The establishment of a strong conflict-of-interest policy is particularly important for nonprofits. Conflicts of interest have the potential to jeopardize a nonprofit's tax-exempt status and damage its reputation with donors. Because of the crucial role many nonprofits play in protecting the public interest, any erosion in public confidence is particularly harmful to these organizations.

All aspects of a nonprofit's conflict-of-interest policy should be consistent with the IRS's model conflict-of-interest policy statement from which this document has been modeled. A nonprofit organization must also include the following items in its conflict-of-interest policy:

- A clear record of any proceedings concerning individuals who have either disclosed a conflict of interest or were found to have one.
- A description of compensation and other financial arrangement with officers, directors, trustees, independent contractors, including clearly established rules which prohibit board and committee members who receive compensation from the organization from voting on matters that pertain to their compensation.
- A periodic review of existing conflict-of-interest policy to ensure that it is relevant and reflects the organization's specific needs and unique situation.

**Note:** Refer to the IRS conflict-of-interest policy statement available in Appendix A of the instructions for Form 1023.

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#### **Article I. Purpose**

The purpose of a conflict-of-interest policy is to protect an organization's interest when it is entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest.



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#### Article II. Definitions

##### 1. Interested Person

An Interested Person is any director, principal officer, or member of a committee with governing board-delegated power who has a direct or indirect Financial Interest, as defined below.

##### 2. Financial Interest

A person has a Financial Interest if the individual has, directly or indirectly, an actual or potential ownership, investment, or compensation arrangement with *Friends of T.C. Steele State Historic Site, Inc.*, nonprofit 501(c)(3).

A Financial Interest is not necessarily a conflict of interest in all cases. Under Article III, Section 2 or IRS Form 1023, a person with a Financial Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

#### Article III. Procedures

##### 1. Duty to disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board-delegated powers considering the proposed transaction or arrangement. In an effort to aid such disclosure, each member (board, committee, or staff) shall complete a conflict-of-interest questionnaire as circumstances warrant, but no less frequently than annually.



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#### **2. Determining whether a conflict of interest exists**

The board shall review each member questionnaire and any other disclosures regarding the Financial Interests of its members. After disclosure of the Financial Interest, the Interested Person shall leave the board meeting while the remaining board members discuss and vote on whether a conflict of interest exists.

#### **3. Procedures for addressing the conflict of interest**

After exercising due diligence, the governing board or committee shall determine whether the organization can obtain with reasonable effort a more advantageous transaction or arrangement from a person or entity that would not produce a conflict of interest. The Interested Person shall not be present in the room during the determination.

If an alternative transaction or arrangement is not possible, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interests of the organization, for its own benefit, and fair and reasonable. Based on these determinations, the board or committee shall make its decision on whether to enter into the transaction or arrangement.

#### **4. Disciplinary action**

If the committee has reason to believe an individual has failed to disclose actual or potential conflicts of interest, it will inform the member and allow him/her to explain the alleged failure to disclose. If the committee still has reason to believe a conflict of interest exists after the alleged conflict is explained, it will take corrective action.

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*Note: Guidelines by permission, Vanguard nonprofit resource center, Valley Forge, PA*

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The following questionnaire must be completed annually by all members and independent contractors of *Friends of T.C. Steele State Historic Site, Inc.* Answers to this questionnaire should relate to the relationships that occurred from January 1 – December 31 of the year the questionnaire is administered. Unless otherwise determined, this questionnaire will be administered at the final board meeting of each fiscal year (November). Once you have completed the questionnaire, please sign and date in the space provided and return it to:

P. Garrett Adams, Board Secretary  
Friends of T.C. Steele State Historic Site, Inc.  
4220 T.C. Steele Road  
Nashville, IN 47448  
Phone: 812-988-2785  
[tcsteeleshs@indianamuseum.org](mailto:tcsteeleshs@indianamuseum.org)

1. Are you an officer of an organization that conducts business or has a relationship with *Friends of T.C. Steele State Historic Inc.*?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please define. \_\_\_\_\_

2. Have you ever served on the board of a business in which *Friends of T.C. Steele State Historic Inc.* invests?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please define. \_\_\_\_\_

3. Do you have a family relationship with anyone who has a noted relationship with *Friends of T.C. Steele State Historic Inc.*? Family connections include an individual's spouse, parent, child, grandparent, grandchild, great-grandchild, and sibling. The spouses of any children, grandchildren, great-grandchildren, and siblings are considered family relationships as well.

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please define. \_\_\_\_\_



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4. Have you participated, directly or indirectly, in any employment agreement, compensation relationship, or any other arrangement/investment opportunity with a third-party vendor doing business with the *Friends of T.C. Steele State Historic Site, Inc.*?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please define. \_\_\_\_\_

5. Have you received, directly or indirectly, any salary payments, loans, or gifts of any kind or any free service, discounts, or other fees from any person/organization engaged in any transaction with the *Friends of T.C. Steele State Historic Site, Inc.*?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please define. \_\_\_\_\_

6. Do you share ownership of a business that does business with *Friends of T.C. Steele State Historic Site, Inc.*? Ownership means voting power in a corporation, profits interest in partnership, or beneficial interest in a trust.

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please define. \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print Name \_\_\_\_\_

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