



# *Sun Prairie Civic Theatre*

## **Policies and Procedures**

### **Mission Statement of Sun Prairie Civic Theatre**

Sun Prairie Civic Theatre is a community of volunteers, sharing their resources of time, talent, and finances to give as many people as possible an opportunity to experience live theatre on stage, back stage, and in the audience.

## **CONFLICTS OF INTEREST**

### **Definition**

A conflict of interest transaction or arrangement is a transaction or arrangement with this corporation in which a paid or unpaid staff member or board of directors member has a direct or indirect interest.

1. A staff member or board member has a direct interest in any transaction or arrangement if a staff member or board member or their family has a financial interest in the transaction or arrangement.
2. A staff member or board member has an indirect interest in any transaction or arrangement if the staff member or board member or a family member
  - a. has a financial interest or potential financial interest in any entity or individual involved in the transaction or arrangement;
  - b. has a compensation arrangement with any entity or individual with which this corporation has a transaction or arrangement; or
  - c. is a director, officer, or trustee of a profit or nonprofit entity involved in the transaction or arrangement and the transaction or arrangement is of such importance that it is or should be considered by the board of that nonprofit entity.

## Procedures

Any staff member or board member with knowledge of an actual or potential conflict of interest on the part of themselves or another staff member or board member of this corporation shall inform the entire board of the conflict. The board shall obtain disclosure of the financial interest and all material facts. After any discussion with the interested person, the interested person shall leave the meeting while the board determines whether a conflict of interest exists. If the board determines that a conflict exists, the board shall follow these procedures to address the conflict of interest.

- a. The interested person may make a presentation to the board but after the presentation shall leave the meeting during the discussion of and the vote on the transaction or arrangement involving the conflict of interest.
- b. The board shall investigate alternatives to the proposed transaction or arrangement. After exercising due diligences, the board shall determine whether the transaction or arrangement is fair to the corporation. The transaction must be approved by a majority of all the members of the board who have no direct or indirect interest in the transaction. If a majority of the directors vote to approve the transaction or arrangement, a quorum is present for the purpose of taking action, except that such transaction or arrangement cannot be approved by a single director.

## Records of Proceedings

The Board minutes shall contain the names of the persons who had a conflict of interest, the nature of the financial interest, a summary of the discussion to determine whether a conflict was present and the vote as to whether a conflict was present, the names of the directors and officers present for the discussion and vote related to the transaction or arrangement, a summary of the discussion, and a record of the vote taken.

ADOPTED: \_\_\_\_\_ June 9, 2009 \_\_\_\_\_

**Conflict of Interest Policy**  
**Individual Statement**

The standard of behavior at Sun Prairie Civic Theatre, Inc., a Nonprofit 501 (c) 3 corporation, is that all staff, volunteers, and board members scrupulously avoid any conflict of interest between the interests of Sun Prairie Civic Theatre, Inc. on one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as perceptions of conflicts of interest.

I understand that the purposes of this policy are to protect the integrity of the Sun Prairie Civic Theatre, Inc.'s decision-making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputation of volunteers, staff, and board members.

Upon or before election, hiring or appointment, I will make a full, written disclosure of interests, relationships, and holdings that could potentially result in a conflict of interest. This written disclosure will be kept on file and I will update it as appropriate.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business or other nonprofit affiliation), my family and/or my significant other, employer, or close associates will receive a benefit or gain. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question.

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.

Signed \_\_\_\_\_ *Frank Peot, president* \_\_\_\_\_ Date \_\_\_\_\_ June 9, 2009 \_\_\_\_\_

# **Whistleblower Policy**

## **General**

Sun Prairie Civic Theatre, Inc., hereafter referred to as the Organization, expects its board of director, officers, paid and unpaid staff members, and other representatives to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees, unpaid staff and representatives of Sun Prairie Civic Theatre, Inc., we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

### **I. Reporting Responsibility**

It is the responsibility of all board of director members, officers, paid and unpaid staff members, and other representatives to report Wrongful Conduct in accordance with this Whistleblower Policy.

### **II. Wrongful Conduct**

“Wrongful Conduct” is defined in this Whistleblower Policy to include: a serious violation of the Organization policy, a violation of applicable state and federal law, or the use of the Organization property, resources, or authority for personal gain or other non organization-related purpose except as provided under the Organization policy.

This definition of Wrongful Conduct is not intended to be an exclusive listing of the illegal or improper activity encompassed by the Whistleblower Policy. Rather, the Whistleblower Policy is intended to serve as a means of reporting all serious improprieties that potentially impact the integrity and effective operation of the Organization.

### **III. No Retaliation**

No board of director member, officer, paid and unpaid staff member, and other representatives who in good faith reports Wrongful Conduct will suffer harassment, retaliation or adverse employment consequence. Any board of director members, officers, paid and unpaid staff members, and other representatives who retaliates against anyone who has reported Wrongful Conduct in good faith is subject to discipline up to an including termination of employment, staff assignment or removal from the board of directors, as applicable. The Whistleblower Policy is intended to encourage and enable staff members and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

### **IV. Reporting a Wrongful Conduct**

The Organization encourages its directors, officers, and employees to share their questions, concerns, suggestions, or complaints with someone who can address them properly. Any director, officer, or employee may report wrongful conduct to the Executive Director or the president of the board of directors. If the wrongful conduct implicates one or both of the Executive Director or president of the board of directors, or if the reporting individual is not comfortable speaking with or not satisfied with response of the foregoing individuals, the issue may be reported to any

member of the board of directors. The president of the board of directors, and all members of the board of directors to whom a report of wrongful conduct is made are required to immediately advise the full board of directors of such report of wrongful conduct.

#### **V. Acting in Good Faith**

Anyone filing a complaint of wrongful conduct must be acting in good faith and have reasonable grounds for believing the information disclosed indicates wrongful conduct. 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.

#### **VI. Handling of Reported Wrongful Conduct**

A representative of the board of directors will notify the sender and acknowledge receipt of the reported wrongful conduct or suspected wrongful conduct within five business days, unless such report was submitted anonymously. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

## Document Retention and Destruction Policy

### I. Purpose

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention and destruction of documents received or created by Sun Prairie Civic Theatre, Inc., hereafter referred to as the Organization, in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form (including electronic documents), contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Organization's operations by promoting efficiency and freeing up valuable storage.

### II. Document Retention

The Organization follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

### III. Corporate Records

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board and Commission Meeting and Committee Minutes	Permanent
Board and Commission Policies/Resolutions	Permanent
By-laws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years
 <u>Accounting and Corporate Tax Records</u>	
Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
IRS 990 Tax Return	Permanent
Business Expense Records	7 years
IRS 1099s	7 years
Journal Entries	7 years
<u>Invoices</u>	7 years
Sales Records (box office, concessions, gift shop)	5 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years

Credit Card Receipts	3 years
<u>Bank Records</u>	
Check Registers	Permanent
Bank Deposit Slips	7 years
Bank Statements and Reconciliations	7 years
Electronic Fund Transfer Documents	7 years
<u>Payroll and Employment Tax Records</u>	
Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax Returns	7 years
W-2 Statements	7 years
<u>Employee Records</u>	
Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion or Discharge	7 years (after termination)
<u>Accident Reports and Worker's Compensation Records</u>	
Salary Schedules	5 years
Employment Applications	5 years
I-9 Forms	3 years (after termination)
<u>Time Cards</u>	
Donor Records and Acknowledgement Letters	2 years
Grant Applications and Contracts	7 years 5 years (after completion)
<u>Legal, Insurance and Safety Records</u>	
Appraisals	Permanent
Copyright Registration	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registration	Permanent
Leases	6 years (after expiration)
<u>OSHA Documents</u>	
General Contracts	3 years 3 years (after termination)

#### **IV. Electronic Documents and Records**

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the

above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

#### **V. Emergency Planning**

The Organization’s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Organization’s operating in an emergency will be duplicated or backed up at least every week and maintained off site.

#### **VI. Document Destruction**

The Organization’s Business Manager is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

#### **VII. Compliance**

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Organization and its employees and possible disciplinary action against responsible individuals. The Board President and finance committee chair will periodically review these procedures with legal counsel and the Organization certified public accountant, if applicable, to ensure that they are in compliance with new or revised regulations.



# Fraud Policy

## I. Background

The corporate fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against Sun Prairie Civic Theatre, Inc.. It is the intent of Sun Prairie Civic Theatre, Inc. to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigation.

## II. Scope of Policy

The policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Sun Prairie Civic Theatre, Inc. (also called the Organization).

1. Any investigation activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to the Organization.

## III. Policy

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

1. Any irregularity that is detected or suspected must be reported immediately to the President of the Board of Directors, who coordinates all investigations with Corporate Counsel and other affected areas, both internal and external.

## IV. Actions Constituting Fraud

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to

- Any dishonest or fraudulent act.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of company activities.
- Disclosing confidential and proprietary information to outside parties.
- Disclosing to other person's securities activities engaged in or contemplated by the company.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company.  
Exception: Gifts less than \$50 in value.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment, and/or

- Any similar or related irregularity.

V. **Other Irregularities** *Irregularities* concerning an employer's moral, ethical, or behavioral conduct should be resolved by President of the Board of Directors, Business Manager and the Finance Committee rather than the specific operating unit.

1. If there is any question as to whether an action constitutes fraud, contact the Board President for guidance.

#### VI. **Investigation Responsibilities**

The Personnel Committee has the primary responsibility for investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Finance Committee will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors.

#### VII. **Confidentiality**

The Finance Committee treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity, will notify the Business Manager immediately, and *should not attempt to personally conduct investigation or interviews/interrogations* related to any suspected fraudulent act (see **Reporting Procedure**) section below).

1. Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the organization from potential civil liability.

#### VIII. **Authorization for Investigating Suspected Fraud**

Members of the Finance Committee will have Free and unrestricted access to all Organization records and premises, whether owned or rented, and the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

#### IX. **Reporting Procedures**

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

1. An employee who discovers or suspects fraudulent activity will *contact the Finance Committee or Business Manager immediately*. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquiries should be directed to the Finance Committee or the Corporate Counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiries is, "I am not at liberty to discuss this matter." *Under no circumstances* should any reference be made to the "allegation", "the crime", "the fraud", "the forgery," "the misappropriation," or any other specific reference.

2. The reporting individual should be informed of the following:

Do not contact the suspected individual in an effort to determine facts or demand restitution. Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the Finance Committee or Corporate Counsel.

X. **Termination** If an investigation results in a recommendation to terminate an individual, the designated representative from Personnel Committee will review the recommendation for approval and, if necessary the Corporate counsel before any such action is taken. The Finance Committee does not have the authority to terminate an employee. The decision to terminate an employee is made by the staff manager or the Board of Directors.

XI. **Administration** The chair of the Finance Committee is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

XII. **Approval**

\_\_\_\_\_, June 9, 2009 \_\_\_\_\_  
 (Board of Directors President) Date

## **Executive Compensation Review Policy**

**Background:** According to IRS regulations, neither a public charity nor a private foundation can provide more than reasonable compensation. Reasonable compensation is determined with respect to the market value of the services performed and depends upon the circumstances of the case. In general, reasonable compensation is measured with reference to the amount that would ordinarily be paid for comparable services by comparable enterprises under comparable circumstances.

Based on these regulations, with no paid officers, Sun Prairie Civic Theatre, Inc. will ensure that reasonable compensation is enforced. Salary of the paid staff members is reviewed by the Personnel and Finance Committees and closely monitored.

Section 501(c)(3) provides that the assets of an organization cannot inure to the benefit of private shareholders or individuals. If an organization pays or distributes assets to insiders in excess of the fair market value of the services rendered, the organization can lose its tax-exempt status. Moreover, insiders of public charities and of private foundations are subject to excise taxes on any overpayments they receive. Although an overpayment to an insider of a public charity could result in a revocation of tax-exempt status, section 4958 of the Internal Revenue Code (Code) provides an intermediate sanction that ameliorates that result in many cases. Under section 4958, an excise tax can be imposed on the insider who received the overpayment and on certain managers who knowingly approved the overpayment.

The Personnel and Finance Committee will review all compensation or other benefit to the Board of Directors and/or paid and unpaid staff members annually, during the month of August.

The chair of the Finance Committee is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.