

ART ACADEMY OF CINCINNATI

JOINT VENTURE POLICY

APPROVED MARCH 19, 2009

This Joint Venture Policy of the Art Academy of Cincinnati requires any participation in a Joint Venture be in compliance with Internal Revenue Service guidelines and Federal tax law, and all necessary steps will be taken to safeguard the Art Academy's tax-exempt status.

SECTION 1: DEFINITION AND ACTIVITIES SUBJECT TO THIS POLICY

For the purposes of this Policy, the term "Joint Venture" is defined as any arrangement, including contractual or more formal arrangements undertaken through a limited liability company, partnership, or other entity, through which the Art Academy and another entity jointly undertake a business enterprise, investment, or agree to joint ownership of an asset without regard to:

1. Whether the Art Academy controls the Joint Venture,
2. The legal structure of the Joint Venture, and
3. Whether the Joint Venture is taxed as a corporation, partnership, or association for federal income tax purposes.

SECTION 2: JOINT VENTURES WITH TAXABLE ENTITIES

A Joint Venture is disregarded if it meets both of the following conditions:

1. The primary purpose of the Art Academy's contribution to, or investment or participation in, the Joint Venture is the production of income or appreciation of property, and
2. 95% or more of the Joint Venture's income for its tax year ending within the Art Academy's tax year is excluded from unrelated business income taxation, including but not limited to: (i) dividends, interest, and annuities (ii) royalties (iii) rent from real property and incidental related personal property except to the extent of debt-financing, and (iv) gains or losses from the sale of property.

SECTION 3: SAFEGUARDS TO ENSURE TAX-EXEMPT STATUS

The Art Academy of Cincinnati will negotiate and take steps to safeguard in its transactions and arrangements with other members of the Joint Venture such terms adequate to ensure the Art Academy's tax-exempt status is protected. Some examples of safeguards include:

1. Control over the Joint Venture sufficient to ensure that it furthers the tax-exempt purpose of the Art Academy,
2. Requires the Joint Venture gives priority to tax-exempt purposes over maximizing profits for the other participants,
3. The Joint Venture does not engage in activities that would jeopardize the Art Academy's tax-exemptions, and
4. All contracts entered into with the Art Academy be on terms that are arm's length or more favorable to the Art Academy.

ART ACADEMY OF CINCINNATI

WHISTLEBLOWER POLICY

APPROVED MARCH 19, 2009

SECTION 1. PURPOSE

The purpose of this policy is to allow Art Academy of Cincinnati volunteers and employees to report concerns about the Art Academy operations through appropriate and confidential channels without risk of retaliation. The policy and its procedures are intended to ensure all Art Academy operations are conducted ethically and with integrity.

The Art Academy will investigate any suspected fraudulent, dishonest, illegal, unethical use or misuse of Art Academy resources or property by members of the Board of Trustees, volunteers, consultants or employees. The Art Academy is committed to maintaining the highest standards of conduct and ethical behavior and promotes a working environment that values respect, fairness and integrity. All Trustees, volunteers and employees shall act with honesty and openness in all their dealings as representatives of the Art Academy. Failure to adhere these standards will result in disciplinary action including possible termination of employment, dismissal from one's Board or volunteer duties and possible civil or criminal prosecution if warranted.

Trustees, volunteers, consultants and employees are encouraged to report suspected fraudulent or dishonest conduct, to act as a "Whistleblower", pursuant to the procedures set forth below. Examples of misconduct include, but are not limited to, violations of federal, state or local laws; misappropriation of misuse of college resources; bribery; forgery or alteration of documents; fraudulent financial reporting; and authorizing or receiving compensation for goods not received, services not performed, or hours not worked.

SECTION 2. REPORTING

A person concerned about possible fraudulent, dishonest, illegal, unethical use or misuse of resources or property should first report to his or her Supervisor or, if suspected by a volunteer, to the employee supporting the volunteer's work. If for any reason a person finds it difficult to report his or her concerns to a Supervisor, the person may report the concerns directly to the Director of Administrative Services, the President or the Chair of the Board of Trustees. Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to one of the individuals listed above.

SECTION 3. DEFINITIONS

- 1. Whistleblower:** A member of the Board of Trustees, volunteer, consultant or employee who informs a Supervisor, Director of Administrative Services,

President or Chairman of the Board of Trustees about an activity relating to the Art Academy of Cincinnati which that person believes to be Fraudulent or Dishonest.

2. **Baseless Allegations:** Allegations made with reckless disregard for their truth or falsity. People making Baseless Allegations may be subject to disciplinary action by the Art Academy, and/or legal claims by individuals accused of such conduct.
3. **Good Faith:** Good Faith means the person has reasonable grounds to believe the reported allegations are substantially true. A reporting person who acts in Good Faith will be protected from retaliation under this Whistle-Blower Policy. A report that does not result in finding of misconduct is not alone evidence that the report was intentionally false. The Art Academy will not retaliate against a Whistleblower acting in Good Faith.
4. **Fraudulent or Dishonest Conduct:** A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such Fraudulent or Dishonest Conduct include, but are not limited to:
 - a. violations of federal, state or local laws,
 - b. fraudulent financial reporting,
 - c. forgery or alteration of documents,
 - d. unauthorized alteration or manipulation of computer files,
 - e. misappropriation or misuse of Art Academy resources, such as funds, supplies or other assets,
 - f. authorizing or receiving compensation for goods not received or services not performed,
 - g. authorizing or receiving compensation for hours not worked,
 - h. pursuit of a benefit or advantage in violation of the Art Academy's Conflict of Interest Policy

SECTION 4. REPORTED INCIDENT PROCEDURE

1. **Supervisors:** Supervisors are required to report suspected Fraudulent or Dishonest Conduct to the Director of Administrative Services, the President or the Chairman of the Board of Trustees. While appropriately concerned about "getting to the bottom" of such issues, a Supervisor should not in any circumstances perform any investigative or other follow-up steps on their own. Accordingly, a supervisor who becomes aware of suspected misconduct:
 - a. should not contact the person suspected to further investigate the matter or demand restitution,
 - b. should not discuss the case with attorneys, the media or anyone other than the Director of Administrative Services, the President or Chairman of the Board, and
 - c. should not report the case to an authorized law enforcement officer without first discussing the case with the Director of Administrative Service, the President or Chairman of the Board.
2. **Reasonable Care:** Reasonable care should be taken in dealing with suspected misconduct to avoid:

- a. baseless allegations,
- b. premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation,
- c. making statements which could adversely affect the Art Academy, an employee, or other parties, and
- d. violations of a person's rights under law.

3. Investigation: The general procedure for investigation and follow up of reported incidents are as follows:

- a. all relevant matters, including suspected but unproved matters, will be review and analyzed, with documentation of the receipt, retention, investigation and treatment of the reported incident,
- b. employees and volunteers must immediately report all factual details regarding the reported concern,
- c. there should be no communication with the suspected individual(s) about the matter under investigation,
- d. neither the existence nor the results of investigations or other follow-up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively,
- e. investigative or follow-up activity will be carried out without regard to the suspected individual's position or level or relationship with the Art Academy,
- f. investigations may warrant consultation with an independent person such as auditors and/or attorneys,
- g. appropriate corrective action will be taken, if necessary, and findings will be communicated back to the reporting person and his or her Supervisor, and
- h. all inquiries from an attorney or any other contact from outside the Art Academy, including those from law enforcement agencies or from the employee under investigation, should be referred to the President or Chairman of the Board of Trustees.

SECTION 5. WHISTLEBLOWER PROTECTION

The Art Academy of Cincinnati will use its best efforts to protect a Whistleblower against retaliation or any form of harassment for reporting a concern in Good Faith.

Whistleblower complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally, this means

Whistleblower complaints will only be shared with those who have a need to know so that the Art Academy can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. Should disciplinary or legal action be taken against a person or persons as a result of a Whistleblower complaint, such persons may also have the right to know the identity of the Whistleblower.

Members of the Board of Trustees, volunteers, consultants and employees of the Art Academy may not retaliate against a Whistleblower for informing management about an activity which that person believes to be Fraudulent or Dishonest. This includes, but is not limited to, retaliation in the form of loss of employment, punitive work assignments, impact on salary or fees, harassing behavior, threats of physical or mental harm. Whistleblowers who believe they have been retaliated against may file a written complaint with the Director of Administrative Services, the President or the Chairman of the Board of Trustees. Any complaint of retaliation will be promptly investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. Any employee or volunteer who engages in retaliation or harassment against a reporting person may be subject to disciplinary action up to and including termination. The right of the reporting person to protection against retaliation does not include immunity for any personal wrongdoing of the reporting person that is found to exist following an investigation. This protection from retaliation is not intended to prohibit Supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors. Whistleblowers must be cautious to avoid Baseless Allegations as described in Section 2.2.

ART ACADEMY OF CINCINNATI

PROCESS FOR DETERMINING COMPENSATION POLICY

APPROVED MARCH 19, 2009

SECTION 1: PURPOSE

This policy on the Process for Determining Compensation applies the following person(s) in regard to their relationship with the Art Academy of Cincinnati:

1. Chief Executive Officer/President
2. Key Employees

SECTION 2: DEFINITIONS

1. **Chief Executive Officer/President** is a person who has ultimate responsibility for implementing the decisions of the Art Academy's Board of Trustees and for supervising the management, administration and operations of the Art Academy of Cincinnati. The Chief Executive Officer/President is not a member of the Board of Trustees.
2. **Key Employee is an employee who meets all three of the following tests:**
 - a. **\$150,000 Test:** Receives reportable compensation from the Art Academy of Cincinnati and all related organizations in excess of \$150,000 for the year
 - b. **Responsibility Test:**
 - The employee has responsibility, powers, or influence over the Art Academy of Cincinnati as a whole that is similar to those of officers, directors, or trustees.
 - Manages a discrete segment or activity of the Art Academy of Cincinnati that represents 10% or more of the activities, assets, income, or expenses, as compared to the whole organization.
 - Has or shares authority to control or determine 10% or more of the Art Academy of Cincinnati's capital expenditures, operating budget or compensation for employees.
 - c. **Top 20 Test:** Is one of the 20 employees with the highest reportable compensation from the Art Academy of Cincinnati and related organizations for the year.

SECTION 3: PROCESS FOR DETERMINING COMPENSATION

1. **Review and approval:** The compensation for the Chief Executive Officer/President and Key Employee is reviewed and approved by the Board of Trustees or individual(s) authorized by the Trustees, provided persons with Conflicts of Interest with respect to the compensation arrangement at issue are not involved in this review and approval.

2. **Use of data as to comparable compensation:** the compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations, such as other independent colleges of art and design or small non-profit, four-year colleges.
3. **Contemporaneous documentation and recordkeeping:** There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

SECTION 4: OFFICERS AND MEMBERS OF THE BOARD OF TRUSTEES:

Members of the Board of Trustees are elected or appointed to the Board and serve as the governing body of the Art Academy of Cincinnati. The Officers of the Board of Trustees are determined by the Art Academy's organizing document, bylaws, or resolution of the Board, but at a minimum include those officers required by applicable state law. The Officers and Members of the Board of Trustees serve in a wholly voluntary capacity. No Trustee or Officer of the Board receives compensation.

ART ACADEMY OF CINCINNATI

RECORD RETENTION AND DOCUMENT DESTRUCTION POLICY

APPROVED MARCH 19, 2009

1. **Purpose:** The Art Academy of Cincinnati retains records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. This Record Retention and Document Destruction Policy identifies the record retention responsibilities of staff, volunteers, members of the Board of Trustees, and outsiders for maintaining and documenting the storage and destruction of the Art Academy of Cincinnati's documents and records.
2. **Rules:** The Art Academy of Cincinnati's staff, volunteers, members of the Board of Trustees and outsiders (i.e. independent contractors via agreements with them) are required to honor these rules:
 - a) Paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the designated department.
 - b) No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.
3. **Fiscal Record Retention Schedule:**
 - a) Retain permanently:
 - i) Governance records-Charter and amendments, Articles of Incorporation, Bylaws, other organizational documents, governing Board of Trustees and Board committee minutes.
 - ii) Tax Records-Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.
 - iii) Intellectual property records-Copyright and trademark registrations and samples of protected works.
 - iv) Financial records-Audited financial statements, attorney contingent liability letters, audit reports, general ledgers, internal audit reports, trial balance journals, chart of accounts, depreciation schedules, currently active: contracts, mortgages, notes and leases, insurance policies, records, accident reports claims.

- b) Retain for 10 years:
 - i) Pension and benefit records-Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and support records.
 - ii) Government relations records-State and federal lobbying and political contribution reports and supporting records.
 - c) Retain for 7 years:
 - i) Employee/employment records-Retain for all current employees and independent contractors after departure of each individual the following: Employee names, addresses, social security numbers, dates of birth, INS Form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement and discharge correspondence, documentation of basis for independent contractor status.
 - ii) Lease, insurance, and contract/license records-Retain during the term of the agreement after the termination, expiration, non-renewal of each agreement the following: Software license agreements, vendor, hotel and service agreements, independent contractor agreements, employment agreements, consultant agreements and all other agreements.
 - d) Retain for 3 years:
 - i) Bank reconciliations, bank statements, deposit records, electronic fund transfer documents, and cancelled checks, general correspondence, customers and vendor correspondence, employment applications,
 - e) Retain for 1 year:
 - i) All other electronic records, documents and files-Correspondence files, past budgets, publications, employee manuals/policies and procedures, survey information.
- 4. Student Record Retention Schedule:**
- a) The Art Academy of Cincinnati will comply with federal and state laws and the Department of Education requirements for recordkeeping and disclosure regarding student records. This includes the Family Educational Rights and Privacy Act (FERPA).

ART ACADEMY OF CINCINNATI

GIFT ACCEPTANCE POLICY

APPROVED MARCH 19, 2009

The Art Academy of Cincinnati requires that Trustees, Officers and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with the Art Academy of Cincinnati or are a competitor of it. This policy is intended to implement that prohibition on gifts.

1. SECTION 1. DEFINITIONS

1. **Responsible Person** is any person serving as a Trustee, Officer, or employee of the Art Academy of Cincinnati.
2. **Family Member** is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister, or spouse of a brother or sister, of a Responsible Person.
3. **Contact or Transaction** is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to the Art Academy of Cincinnati is not a "Contract or Transaction".

2. SECTION 2. PROHIBITION ON ACCEPTING GIFTS

Except as approved by the Chairman of the Board of Trustees or his designee or for gifts of a value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, gratuities, entertainment or other favors from any person or entity which:

1. Does or seeks to do business with the Art Academy of Cincinnati or,
2. Does or seeks to compete with the Art Academy of Cincinnati or,
3. Has received, is receiving, or is seeking to receive a Contract or Transaction with the Art Academy of Cincinnati

ART ACADEMY OF CINCINNATI
EXPENSE REIMBURSEMENT POLICY

APPROVED MARCH 19, 2009

SECTION 1. PURPOSE

It is the Art Academy's policy to reimburse employees for the necessary travel or business expenses incurred on behalf of the Art Academy of Cincinnati while the employee is engaged in authorized Art Academy business. The employee's good judgment in determining expense alternatives is required. The employee is to keep expenses to a minimum and to become knowledgeable of the most economical alternatives. It is the intent that this Expense Reimbursement Policy applies to anyone requesting reimbursement from the Art Academy.

SECTION 2. AUTHORIZATION RESPONSIBILITIES

All requests for an Expense Reimbursement should be approved by an employee's supervisor. It is the responsibility of those approving an Expense Reimbursement to ensure that:

1. Expenses are incurred for the benefit of or are in the best interest of the Art Academy,
2. Expenses are reasonable and incurred as outlined in this Policy,
3. Documentation is complete, with *original* receipts to include the name, title, and organization for each person entertained and the nature of the business discussion or meeting,
4. Reimbursement claims are to be submitted within 14 days of incurring the expense or return from travel. Per IRS Guidelines, reimbursement of expenses that are more than 60 days old are considered compensation and therefore subject to withholding taxes. In light of this regulation, such reimbursement requests will NOT be approved.

The Internal Revenue Service requires specific documentation to support an employee's reimbursement expense. Minimum documentation requirements include *original* receipts for any transportation or lodging expense, and *original* receipts for any other expenditure of \$10 or more. Deviation from this policy will require the Art Academy to include any reimbursements in the employee's taxable wages subject to applicable taxes and withholdings. For non-employees, deviation from this policy will require the Art Academy to report reimbursements as miscellaneous income on IRS form 1099.

SECTION 3. REIMBURSABLE EXPENSES

1. **Transportation:** Travel, lodging, meals and entertainment expenses should be approved in advance when reasonably possible and reported in acceptable detail to the employee's supervisor. Mode of transportation used should be the most economical one suitable for the purpose of the trip. Worker's Compensation insurance provides coverage for employees traveling on Art Academy business.

- a. **Airline:** The Art Academy will reimburse coach/economy airfares. If possible airfares should be charged to Art Academy issued credit cards. If it not practical to use an Art Academy credit card, the *original* receipt of the passenger coupon is required for reimbursement. Frequent flier mileage accrues to the employee.
 - b. **Personal Automobile:** Mileage incurred while conducting Art Academy business is reimbursable to the extend that the mileage exceeds normal commuting miles to and from the Art Academy. The mileage allowance is based on the approved IRS rate. Requests for reimbursement should be made on the current Mileage Reimbursement Form, signed by the employee and approved by the employee's supervisor. An employee using his or her personal automobile for Art Academy business is responsible for all vehicle operating costs, insurance, repairs and maintenance.
 - c. **Rental Automobile or Truck:** Automobile or truck rental is only reimbursable when authorized by an employee's supervisor and when other surface transportation is not practical or economical. Whenever possible, the Art Academy should be listed as the renter, with the individual traveler as the driver for liability purposes. If possible automobile or truck rentals should be charged to an Art Academy credit card. The Art Academy will not reimburse for accidental death, medical, or additional collision insurance coverage. The original car rental agreement must be submitted as documentation for reimbursement.
 - d. **Art Academy Owned Automobile:** Gasoline receipts will be reimbursed, but not mileage on an Art Academy owned automobile. Private use of a an Art Academy owned car is a taxable benefit to the employee and will be reported on an IRS form 1099.
 - e. **Ground Transportation, Parking Fees and Toll Charges:** Preferred choices for ground transportation are shuttle service, public limousine service, or other forms of public transportation. Public limousine service or shuttle service should be used only when the round trip cost of such service is less than the parking costs and/or mileage reimbursement. Taxis are to be used only when public limousine service or other transportation is more costly, unavailable, or unsuitable. Taxi fares require a receipt for reimbursement. Tolls and reasonable parking costs are reimbursable.
2. **Lodging:** Lodging will be provided for an employee who must overnight on Art Academy business. There will be no direct billing of charges to the Art Academy unless arranged in advance with the Business Office. If possible lodging expenses should be charged to an Art Academy credit card. The *original* hotel bill will be used as documentation for reimbursement.
 3. **Meals and Entertainment:** The Art Academy expects employees to eat well, but not extravagantly, while on Art Academy business.
 - a. **Personal Meals:** Personal meals are meal expenses incurred by an employee while dining alone on out-of-town business or by an employee who has paid the bill for other employees who are traveling with the

employee on out-of-town business. Reasonable expenses incurred for meals, including tips, will be reimbursed when traveling on Art Academy business when supported by a credit card charge receipt or a cash register receipt. A separate receipt must support meals directly charged to hotel room bills in excess of \$30. Supervisors should set reasonable rates for travelers. Hotel mini-bar charges are not reimbursable as meals. The Art Academy does not pay a daily per diem. Receipts must be furnished for all expenses.

b. Business Meals and Entertainment Expenses: Business meals are meals taken during which a specific business discussion takes place. Documentation must include amount, date, time, place, business purpose and the names of the people present.

4. Travel Advance: An employee may request a travel advance to cover the anticipated expense of travel. Advances will only be made after travel is approved and will be based on a reasonable estimate of expenses to be incurred. All advances will be reconciled for each individual trip and holdovers from one trip to the next are not allowed. Excess funds will not be held by the employee for the next trip and no further advances will be granted until the outstanding advance is cleared. Advances should be cleared within 14 days of travel. In case of postponement or cancellation of trip, the traveler is to refund any advance immediately.

5. Non-Reimbursable Expenses: The following is a general list of non-reimbursable expenses. It is not all-inclusive.

- Expense of a spouse or other family member accompanying a traveling employee
- Travel insurance
- Airline class upgrades
- Memberships or clubs such as airline, fitness, discount, retailers, etc.
- Baby-sitting fees
- Kennel costs for pets
- Lost or damaged personal items such as luggage, briefcase, calculator, etc.
- Car wash
- Traffic or parking violations
- Sightseeing or personal side trips
- Personal care items such as toiletries, medication, etc.
- Personal entertainment such as books, magazines, newspapers, movies, mini-bar charges, sporting events, etc.
- Valet and laundry services

SECTION 4. REQUEST FOR REIMBURSEMENT

1. Petty Cash: A request for reimbursement for out-of-pocket expenses of amounts below \$20.00 should be made on a Petty Cash Request Form, signed by the employee and his or her supervisor and submitted with approved *original* receipts to the Business Office for cash reimbursement.

2. **Check Request:** A request for reimbursement for expenses above \$20.00 requires a Check Request Form signed by the employee and his or her supervisor and accompanied by approved *original* receipts.
3. **Art Academy Credit Card:** An Art Academy credit card payment requires the same documentation as other expenditures. The authorized supervisor must approve payments.

ART ACADEMY OF CINCINNATI
CONFLICT OF INTEREST POLICY

APPROVED MARCH 19, 2009

SECTION 1. PURPOSE:

Art Academy of Cincinnati is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the Art Academy of Cincinnati as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between the public and the Art Academy of Cincinnati, its Board of Trustees, Officers and employees, a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The Board of Trustees, Officers and employees have the responsibility of administering the affairs of the Art Academy of Cincinnati honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Art Academy of Cincinnati. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Art Academy of Cincinnati or knowledge gained therefrom for their personal benefit. The purpose of the Conflict of Interest Policy is to protect the Art Academy's interest when it is entering into a transaction or arrangement that might benefit the private interest of a Trustee, Officer, or employee or might result in an excess benefit transaction. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

SECTION 2. DEFINITIONS:

- 1. Interested Person:** An Interested Person is not only a Trustee or Officer but also all employees who can influence the actions of the Art Academy of Cincinnati. For example, this would include all who approve purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning the Art Academy of Cincinnati. An Interested Person has a direct or indirect Financial Interest, as defined below.
- 2. Financial Interest:** A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the Art Academy has a transaction or arrangement,
 - b. A compensation arrangement with the Art Academy or with any entity or individual with which the Art Academy has a transaction or arrangement,
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Art Academy is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. Under Section 6.2, a person who has a Financial Interest may have a conflict of interest only if the appropriate governing Board, Committee or management employee decides that a conflict of interest exists.

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

A Conflict of Interest may arise in the relations of Trustees, Officers and employees with any of the following third parties:

1. Persons and firms supplying goods and services to the Art Academy of Cincinnati,
2. Persons and firm from whom the Art Academy of Cincinnati leases property or equipment,
3. Persons and firms with whom the Art Academy of Cincinnati is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property,
4. Competing or affinity organizations,
5. Donors and others supporting the Art Academy of Cincinnati,
6. Agencies, organizations and associations that affect the operations of the Art Academy of Cincinnati,
7. Family members, friends, and other employees.

SECTION 4. NATURE OF CONFLICTING INTEREST:

A Conflict of Interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3 that might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with the Art Academy of Cincinnati,
2. Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the Art Academy of Cincinnati,
3. Receiving remuneration for services with respect to individual transactions involving the Art Academy of Cincinnati,
4. Using the Art Academy of Cincinnati's time, personnel, equipment, supplies, or good will for other than the Art Academy of Cincinnati – approved activities, programs, and purposes,
5. Receiving personal gifts or loans from third parties dealing or competing with the Art Academy of Cincinnati. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. A Conflict of Interest might

arise in other areas or through other relations. It is assumed that the Trustees, Officers, and employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a Conflict of Interest exists, or that the Conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the Art Academy of Cincinnati.

However, it is the policy of the Board of Trustees that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the Board, Officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential Conflict of Interest and to immediately make such disclosures.

SECTION 6. DISCLOSURE POLICY AND PROCEDURE:

1. Duty to Disclose

In connection with any actual or possible Conflict of Interest, an Interested Person must disclose the existence of a Conflict of Interest or Financial Interest and will be given the opportunity to disclose all material facts to the Board of Trustees, Officer or management employee with governing delegated powers concerning the proposed transaction or arrangement. Disclosure in the organization should be made to the President, or if she or he is the one with the conflict, then to the Chairman of the Board of Trustees, who shall bring the matter to the attention of the Board or a duly constituted committee thereof. Disclosure involving Trustees should be made to the Chairman of the Board, or if she or he is the one with the conflict, then to the Vice-Chairman of the Board, who shall bring these matters to the Board or duly constituted committee thereof.

2. Determining Whether A Conflict of Interest Exists

After disclosing the possible Conflict of Interest or Financial Interest and all material facts, and after discussion with the Interested Person, the remaining Board or committee members or management employees shall decide if a Conflict of Interest exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair and reasonable to the Art Academy of Cincinnati. The decision of the Board or duly constituted committee thereof on these matters will rest in their sole discretion, and their concern must be the welfare of the Art Academy and the advancement of its educational mission.

3. Procedure for Addressing the Conflict of Interest

- a. The Interested Person may make a presentation regarding the transaction or arrangement involving a possible Conflict of Interest, but after the presentation, he/she shall be excluded from the related discussion, approval or vote.
- b. If appropriate, a disinterested person or committee may be appointed to investigate alternatives to the proposed transaction or arrangement. Competitive bids or complete evaluations may be obtained.
- c. If it is determined the Art Academy can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not

give rise to a Conflict of Interest, that more advantageous transaction or arrangement will be approved.

- d. If a more advantageous transaction or arrangement is not reasonably possible, the Board or a duly constituted committee thereof may determine that the transaction is in the best interest of the Art Academy, is fair and reasonable and will be approved.

4. Violations of the Conflict of Interest Policy

- a. If the Board, Officer or management employee has reasonable cause to believe an Interested Person has failed to disclose actual or possible Conflicts of Interest, it shall inform the Interested Person of the basis and afford that Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board of Trustees, committee or management employee determines the Interested Person has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

SECTION 7. RECORDS OF PROCEEDINGS

The minutes of the Board of Trustees and all committees with Board delegated powers shall contain:

1. 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.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

SECTION 8. COMPENSATION

1. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the Art Academy for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Art Academy for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board of Trustees or committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Art Academy, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

SECTION 9. ANNUAL STATEMENTS

Each Interested Person shall annually sign a Conflict of Interest Disclosure Statement, which affirms such Interested Person:

1. Has received a copy of this Conflict of Interest Policy
2. Has read and understands this Policy
3. Has agreed to comply with this Policy
4. Understands the Art Academy is a non-profit, tax-exempt organization and in order to maintain its federal tax exemption it must engage primarily in activities, which accomplish its tax-exempt, educational mission.

SECTION 10. PERIODIC REVIEWS

To ensure the Art Academy of Cincinnati operates in a manner consistent with its nonprofit, educational purpose and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Art Academy's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Art Academy's educational mission and do not result in impermissible private benefit or in an excess benefit transaction.

SECTION 11. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Section 10, the Art Academy may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Trustees of its responsibility for ensuring periodic reviews are conducted.

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ART ACADEMY OF CINCINNATI

WHISTLEBLOWER POLICY

SECTION 1. PURPOSE

The purpose of this policy is to allow Art Academy of Cincinnati volunteers and employees to report concerns about the Art Academy operations through appropriate and confidential channels without risk of retaliation. The policy and its procedures are intended to ensure all Art Academy operations are conducted ethically and with integrity.

The Art Academy will investigate any suspected fraudulent, dishonest, illegal, unethical use or misuse of Art Academy resources or property by members of the Board of Trustees, volunteers, consultants or employees. The Art Academy is committed to maintaining the highest standards of conduct and ethical behavior and promotes a working environment that values respect, fairness and integrity. All Trustees, volunteers and employees shall act with honesty and openness in all their dealings as representatives of the Art Academy. Failure to adhere these standards will result in disciplinary action including possible termination of employment, dismissal from one's Board or volunteer duties and possible civil or criminal prosecution if warranted.

Trustees, volunteers, consultants and employees are encouraged to report suspected fraudulent or dishonest conduct, to act as a "Whistleblower", pursuant to the procedures set forth below. Examples of misconduct include, but are not limited to, violations of federal, state or local laws; misappropriation of misuse of college resources; bribery; forgery or alteration of documents; fraudulent financial reporting; and authorizing or receiving compensation for goods not received, services not performed, or hours not worked.

SECTION 2. REPORTING

A person concerned about possible fraudulent, dishonest, illegal, unethical use or misuse of resources or property should first report to his or her Supervisor or, if suspected by a volunteer, to the employee supporting the volunteer's work. If for any reason a person finds it difficult to report his or her concerns to a Supervisor, the person may report the concerns directly to the Director of Administrative Services, the President or the Chair of the Board of Trustees. Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to one of the individuals listed above.

SECTION 3. DEFINITIONS

1. **Whistleblower:** A member of the Board of Trustees, volunteer, consultant or employee who informs a Supervisor, Director of Administrative Services, President or Chairman of the Board of Trustees about an activity relating to the Art Academy of Cincinnati which that person believes to be Fraudulent or Dishonest.
2. **Baseless Allegations:** Allegations made with reckless disregard for their truth or falsity. People making Baseless Allegations may be subject to disciplinary action by the Art Academy, and/or legal claims by individuals accused of such conduct.
3. **Good Faith:** Good Faith means the person has reasonable grounds to believe the reported allegations are substantially true. A reporting person who acts in Good Faith will be protected from retaliation under this Whistle-Blower Policy. A report that does not result in finding of misconduct is not alone evidence that the report was intentionally false. The Art Academy will not retaliate against a Whistleblower acting in Good Faith.
4. **Fraudulent or Dishonest Conduct:** A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such Fraudulent or Dishonest Conduct include, but are not limited to:
 - a. violations of federal, state or local laws,
 - b. fraudulent financial reporting,
 - c. forgery or alteration of documents,
 - d. unauthorized alteration or manipulation of computer files,
 - e. misappropriation or misuse of Art Academy resources, such as funds, supplies or other assets,
 - f. authorizing or receiving compensation for goods not received or services not performed,
 - g. authorizing or receiving compensation for hours not worked,
 - h. pursuit of a benefit or advantage in violation of the Art Academy's Conflict of Interest Policy

SECTION 4. REPORTED INCIDENT PROCEDURE

1. **Supervisors:** Supervisors are required to report suspected Fraudulent or Dishonest Conduct to the Director of Administrative Services, the President or the Chairman of the Board of Trustees. While appropriately concerned about "getting to the bottom" of such issues, a Supervisor should not in any circumstances perform any investigative or other follow-up steps on their own. Accordingly, a supervisor who becomes aware of suspected misconduct:
 - a. should not contact the person suspected to further investigate the matter or demand restitution,
 - b. should not discuss the case with attorneys, the media or anyone other than the Director of Administrative Services, the President or Chairman of the Board, and

- c. should not report the case to an authorized law enforcement officer without first discussing the case with the Director of Administrative Service, the President or Chairman of the Board.

2. Reasonable Care: Reasonable care should be taken in dealing with suspected misconduct to avoid:

- a. baseless allegations,
- b. premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation,
- c. making statements which could adversely affect the Art Academy, an employee, or other parties, and
- d. violations of a person's rights under law.

3. Investigation: The general procedure for investigation and follow up of reported incidents are as follows:

- a. all relevant matters, including suspected but unproved matters, will be review and analyzed, with documentation of the receipt, retention, investigation and treatment of the reported incident,
- b. employees and volunteers must immediately report all factual details regarding the reported concern,
- c. there should be no communication with the suspected individual(s) about the matter under investigation,
- d. neither the existence nor the results of investigations or other follow-up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively,
- e. investigative or follow-up activity will be carried out without regard to the suspected individual's position or level or relationship with the Art Academy,
- f. investigations may warrant consultation with an independent person such as auditors and/or attorneys,
- g. appropriate corrective action will be taken, if necessary, and findings will be communicated back to the reporting person and his or her Supervisor, and
- h. all inquiries from an attorney or any other contact from outside the Art Academy, including those from law enforcement agencies or from the employee under investigation, should be referred to the President or Chairman of the Board of Trustees.

SECTION 5. WHISTLEBLOWER PROTECTION

The Art Academy of Cincinnati will use its best efforts to protect a Whistleblower against retaliation or any form of harassment for reporting a concern in Good Faith.

Whistleblower complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally, this means

Whistleblower complaints will only be shared with those who have a need to know so that the Art Academy can conduct an effective investigation, determine what action to

take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. Should disciplinary or legal action be taken against a person or persons as a result of a Whistleblower complaint, such persons may also have the right to know the identity of the Whistleblower.

Members of the Board of Trustees, volunteers, consultants and employees of the Art Academy may not retaliate against a Whistleblower for informing management about an activity which that person believes to be Fraudulent or Dishonest. This includes, but is not limited to, retaliation in the form of loss of employment, punitive work assignments, impact on salary or fees, harassing behavior, threats of physical or mental harm. Whistleblowers who believe they have been retaliated against may file a written complaint with the Director of Administrative Services, the President or the Chairman of the Board of Trustees. Any complaint of retaliation will be promptly investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. Any employee or volunteer who engages in retaliation or harassment against a reporting person may be subject to disciplinary action up to and including termination. The right of the reporting person to protection against retaliation does not include immunity for any personal wrongdoing of the reporting person that is found to exist following an investigation. This protection from retaliation is not intended to prohibit Supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors. Whistleblowers must be cautious to avoid Baseless Allegations as described in Section 2.2.

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ART ACADEMY OF CINCINNATI EXPENSE REIMBURSEMENT POLICY

SECTION 1. PURPOSE

It is the Art Academy's policy to reimburse employees for the necessary travel or business expenses incurred on behalf of the Art Academy of Cincinnati while the employee is engaged in authorized Art Academy business. The employee's good judgment in determining expense alternatives is required. The employee is to keep expenses to a minimum and to become knowledgeable of the most economical alternatives. It is the intent that this Expense Reimbursement Policy applies to anyone requesting reimbursement from the Art Academy.

SECTION 2. AUTHORIZATION RESPONSIBILITIES

All requests for an Expense Reimbursement should be approved by an employee's supervisor. It is the responsibility of those approving an Expense Reimbursement to ensure that:

1. Expenses are incurred for the benefit of or are in the best interest of the Art Academy,
2. Expenses are reasonable and incurred as outlined in this Policy,
3. Documentation is complete, with *original* receipts to include the name, title, and organization for each person entertained and the nature of the business discussion or meeting,
4. Reimbursement claims are to be submitted within 14 days of incurring the expense or return from travel. Per IRS Guidelines, reimbursement of expenses that are more than 60 days old are considered compensation and therefore subject to withholding taxes. In light of this regulation, such reimbursement requests will NOT be approved.

The Internal Revenue Service requires specific documentation to support an employee's reimbursement expense. Minimum documentation requirements include *original* receipts for any transportation or lodging expense, and *original* receipts for any other expenditure of \$10 or more. Deviation from this policy will require the Art Academy to include any reimbursements in the employee's taxable wages subject to applicable taxes and withholdings. For non-employees, deviation from this policy will require the Art Academy to report reimbursements as miscellaneous income on IRS form 1099.

SECTION 3. REIMBURSABLE EXPENSES

1. **Transportation:** Travel, lodging, meals and entertainment expenses should be approved in advance when reasonably possible and reported in acceptable detail to the employee's supervisor. Mode of transportation used should be the most

- economical one suitable for the purpose of the trip. Worker's Compensation insurance provides coverage for employees traveling on Art Academy business.
- a. **Airline:** The Art Academy will reimburse coach/economy airfares. If possible airfares should be charged to Art Academy issued credit cards. If it not practical to use an Art Academy credit card, the *original* receipt of the passenger coupon is required for reimbursement. Frequent flier mileage accrues to the employee.
 - b. **Personal Automobile:** Mileage incurred while conducting Art Academy business is reimbursable to the extend that the mileage exceeds normal commuting miles to and from the Art Academy. The mileage allowance is based on the approved IRS rate. Requests for reimbursement should be made on the current Mileage Reimbursement Form, signed by the employee and approved by the employee's supervisor. An employee using his or her personal automobile for Art Academy business is responsible for all vehicle operating costs, insurance, repairs and maintenance.
 - c. **Rental Automobile or Truck:** Automobile or truck rental is only reimbursable when authorized by an employee's supervisor and when other surface transportation is not practical or economical. Whenever possible, the Art Academy should be listed as the renter, with the individual traveler as the driver for liability purposes. If possible automobile or truck rentals should be charged to an Art Academy credit card. The Art Academy will not reimburse for accidental death, medical, or additional collision insurance coverage. The original car rental agreement must be submitted as documentation for reimbursement.
 - d. **Art Academy Owned Automobile:** Gasoline receipts will be reimbursed, but not mileage on an Art Academy owned automobile. Private use of a an Art Academy owned car is a taxable benefit to the employee and will be reported on an IRS form 1099.
 - e. **Ground Transportation, Parking Fees and Toll Charges:** Preferred choices for ground transportation are shuttle service, public limousine service, or other forms of public transportation. Public limousine service or shuttle service should be used only when the round trip cost of such service is less than the parking costs and/or mileage reimbursement. Taxis are to be used only when public limousine service or other transportation is more costly, unavailable, or unsuitable. Taxi fares require a receipt for reimbursement. Tolls and reasonable parking costs are reimbursable.
2. **Lodging:** Lodging will be provided for an employee who must overnight on Art Academy business. There will be no direct billing of charges to the Art Academy unless arranged in advance with the Business Office. If possible lodging expenses should be charged to an Art Academy credit card. The *original* hotel bill will be used as documentation for reimbursement.
 3. **Meals and Entertainment:** The Art Academy expects employees to eat well, but not extravagantly, while on Art Academy business.

- a. **Personal Meals:** Personal meals are meal expenses incurred by an employee while dining alone on out-of-town business or by an employee who has paid the bill for other employees who are traveling with the employee on out-of-town business. Reasonable expenses incurred for meals, including tips, will be reimbursed when traveling on Art Academy business when supported by a credit card charge receipt or a cash register receipt. A separate receipt must support meals directly charged to hotel room bills in excess of \$30. Supervisors should set reasonable rates for travelers. Hotel mini-bar charges are not reimbursable as meals. The Art Academy does not pay a daily per diem. Receipts must be furnished for all expenses.
 - b. **Business Meals and Entertainment Expenses:** Business meals are meals taken during which a specific business discussion takes place. Documentation must include amount, date, time, place, business purpose and the names of the people present.
4. **Travel Advance:** An employee may request a travel advance to cover the anticipated expense of travel. Advances will only be made after travel is approved and will be based on a reasonable estimate of expenses to be incurred. All advances will be reconciled for each individual trip and holdovers from one trip to the next are not allowed. Excess funds will not be held by the employee for the next trip and no further advances will be granted until the outstanding advance is cleared. Advances should be cleared within 14 days of travel. In case of postponement or cancellation of trip, the traveler is to refund any advance immediately.
5. **Non-Reimbursable Expenses:** The following is a general list of non-reimbursable expenses. It is not all-inclusive.
 - Expense of a spouse or other family member accompanying a traveling employee
 - Travel insurance
 - Airline class upgrades
 - Memberships or clubs such as airline, fitness, discount, retailers, etc.
 - Baby-sitting fees
 - Kennel costs for pets
 - Lost or damaged personal items such as luggage, briefcase, calculator, etc.
 - Car wash
 - Traffic or parking violations
 - Sightseeing or personal side trips
 - Personal care items such as toiletries, medication, etc.
 - Personal entertainment such as books, magazines, newspapers, movies, mini-bar charges, sporting events, etc.
 - Valet and laundry services

SECTION 4. REQUEST FOR REIMBURSEMENT

1. **Petty Cash:** A request for reimbursement for out-of-pocket expenses of amounts below \$20.00 should be made on a Petty Cash Request Form, signed

by the employee and his or her supervisor and submitted with approved *original* receipts to the Business Office for cash reimbursement.

2. **Check Request:** A request for reimbursement for expenses above \$20.00 requires a Check Request Form signed by the employee and his or her supervisor and accompanied by approved *original* receipts.
3. **Art Academy Credit Card:** An Art Academy credit card payment requires the same documentation as other expenditures. The authorized supervisor must approve payments.