



Conflict of Interest and Related Party Transaction Policy

I. PURPOSE

All trustees, officers and staff owe a duty of loyalty to miSci, the Schenectady Museum Association (the “Museum”), and must act in good faith toward the Museum and in the Museum’s best interests, rather than in their own interests or the interests of another entity or person, and must comply with applicable legal requirements. The purpose of this Conflict of Interest and Related Party Transaction Policy (this “Policy”) is to set forth procedures for monitoring, reporting, review and oversight of, and review, approval or ratification of any action taken in connection with, conflicts of interest and related party transactions.

II. APPLICABILITY

This Policy applies to any person who is:

1. A trustee of the Museum or of an “affiliate” (as defined below) of the Museum;
2. An officer of the Museum or of an affiliate of the Museum;
3. A “key person” (as defined below) of the Museum or of an affiliate of the Museum, or any other person who exercises the powers of a trustee, officer or key person of the Museum or of an affiliate of the Museum; and
4. [;any other employee, volunteer, independent contractor of, or substantial contributor to, the Museum],¹

(each, a “Covered Person” or “you”).

This Policy also applies to transactions or arrangements with an “Other Related Party” (as defined below).

An “affiliate” is a person or entity that is directly or indirectly through one or more intermediaries controlled by, or in control of, the Museum.

A “key person” is a person, other than a trustee or officer, whether or not an employee of the corporation who (i) has responsibilities, or exercises powers or influence over the corporation as a whole similar to the responsibilities, powers, or influence of trustees and officers; (ii) manages the corporation, or a segment of the corporation that represents a substantial portion of the activities, assets, income or expenses of the corporation; or (iii) alone or with others controls or determines a

¹ Note to the Museum: These individuals are not required by the New York Not-for-Profit Corporation Law to be covered.

(whether whole- or halfblood); or (iii) spouse or domestic partner of a child (whether natural or adopted), grandchild, great-grandchild or sibling (whether whole- or half-blood).

III. CONFLICTS OF INTEREST

A conflict of interest arises whenever the interests of the Museum come into conflict with a financial or personal interest of a Covered Person, or otherwise whenever a Covered Person's personal or financial interest could be reasonably viewed as affecting his or her objectivity or independence in fulfilling their duties to the Museum.

While it is not possible to describe or anticipate all the circumstances that might involve a conflict of interest, a conflict of interest typically arises whenever a Covered Person or Other Related Party has (directly or indirectly):

1. a direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which the Museum or any affiliate participates;
2. a compensation arrangement or other interest in a transaction with the Museum;
3. a compensation arrangement or other interest in or affiliation with any entity or individual that:
(i) sells goods or services to, or purchases goods or services from, the Museum; (ii) competes with the Museum; or (iii) the Museum has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with;
4. the ability to use his or her position, or confidential information or the assets of the Museum, to his or her (or an affiliated party's or relative's) personal advantage or for an improper or illegal purpose;
5. solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on the Covered Person (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);
6. acquired any property or other rights in which the Museum has, or the Covered Person or Other Related Party knows or has reason to believe at the time of acquisition that the Museum is likely to have, an interest;
7. an opportunity related to the activities of the Museum, unless the Audit Committee (the "Committee") of the Board of Trustees (the "Board") of the Museum has made an informed decision that the Museum will not pursue that opportunity;
8. been indebted to the Museum, other than for amounts due for ordinary travel and expense advances; or
9. any other circumstance that may, in fact or in appearance, make it difficult for the Covered Person to exercise independent, objective judgment or otherwise perform effectively.

IV. CONFLICT OF INTEREST DISCLOSURE AND QUESTIONNAIRE

You are required to disclose in good faith and in writing to the Committee to Paul Houpt at PaulHoupt@gmail.com all material facts related to conflicts of interest (including those that implicate an Other Related Party but not a Covered Person) (including the nature of your or the Other Related Party's interest and information about any proposed transaction or other

arrangement). Disclosures should be made in advance, before any action is taken on the matter. Conflict identification and analysis can be difficult and, therefore, you are at all times expected to err on the side of caution and disclose all instances where a conflict of interest or the appearance of a conflict exists.

Each current trustee, officer and key person of the Museum, as well as nominees for election as trustee (prior to his or her initial election), must submit to the Secretary, the Museum's designated compliance officer, at least once per year (and updated as appropriate) a questionnaire substantially in the form of the Appendix to this Policy. The Secretary shall provide copies of all completed statements to the Chair of the Committee.

V. REVIEW, APPROVAL AND RATIFICATION

The Committee will review all conflicts of interest and related party transactions and determine whether to approve or ratify any such matters; however, a transaction with a related party may proceed without Committee review if the transaction: (i) is of limited monetary value; (ii) would not usually be reviewed by the Committee in the ordinary course of business and is available to others on the same or similar terms; or (iii) provides a charitable benefit to a member of a charitable class where the benefit is available to others on similar terms. The Committee may only approve the underlying matter if it determines that such matter, under the terms and within the circumstances and conditions presented, is fair, reasonable, and in the best interests of the Museum at the time of such determination. In making its determination, the Committee will consider, without limitation:

1. Alternative or comparable transactions to the extent available;
2. The Museum's mission and resources;
3. The possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of, the Museum (even if there is no actual conflict or wrongdoing); and
4. Whether the conflict may result in any private inurement, excess benefit transaction or impermissible private benefit under laws applicable to tax-exempt organizations.

When considering the comparability of transactions, the Committee may consider: (i) fees paid by similarly situated organizations, both exempt and non-exempt; (ii) the availability of similar products or services within the same geographic area; (iii) survey or other data compiled by independent firms; or (iv) written offers from similar institutions competing for the same person's products or services. When the transaction involves the transfer of real property as consideration, the relevant factors include, but are not limited to (i) current independent appraisals of the property; and (ii) offers received in a competitive bidding process.

Unless provided otherwise in the Museum's Bylaws, a majority of the members of the Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of member present at a meeting at which a quorum is present shall constitute the action of the Committee with respect to any matter that is the subject of this Policy.

Persons with an interest in any matter under review by the Committee are not permitted to be present at or participate in any deliberations or voting by the Committee with respect to the matter giving rise to the potential conflict, and must not attempt to influence improperly the deliberation or voting on such matter. In appropriate circumstances, any such person may be

called upon to provide information relevant to the determination prior to the commencement of deliberations or voting related thereto. Notwithstanding the foregoing, a trustee with an interest in a matter under review by the Committee shall be deemed to be present at the meeting for purposes of determining whether a quorum is present.

In the event the Museum and/or a Covered Person in error enters into or otherwise participates in a conflict of interest transaction that requires pre-approval by the Committee pursuant to this Policy, such transaction shall promptly upon discovery of such error be presented to the Committee for its review and the Committee shall in accordance with the procedures prescribed by applicable law consider whether to (i) ratify such transaction; (ii) direct the rescission or modification of the transaction (if possible to do so); (iii) take any disciplinary action; and/or (iv) make changes to the Museum's controls and procedures in connection with such error.

VI. RECORDS

The minutes of the Committee meeting during which a potential or actual conflict of interest is disclosed or discussed shall be documented contemporaneously with the meeting and reflect the name of the interested Covered Person, the nature of the conflict, and details of the deliberations of the disinterested trustees (such as documents reviewed, any alternatives or comparable transactions considered, comparative costs or bids, market value information and other factors considered in deliberations) and the resolution of the conflict including any ongoing procedures to manage any conflict that was approved. The interested person shall only be informed of the final decision and not of particular trustees' positions or how they voted. In addition, certain related party transactions are required to be disclosed in the notes to the Museum's audited financial statements and its annual federal tax filing on Form 990.

VII. COMPLIANCE

If the Committee has reasonable cause to believe that a Covered Person has failed to comply with this Policy, it may make such further investigation as may be warranted in the circumstances and if it determines that a Covered Person has failed to comply with this Policy, it shall take appropriate action which may include, in the case of trustees and officers, removal of the Covered Person from the Board or from office or, in the case of key persons or others, termination of employment with the Museum or an affiliate.

VIII. POLICY ADOPTION AND OVERSIGHT

- I. The Committee is responsible for providing oversight of the adoption and implementation of, and compliance with this Policy.

This Conflict of Interest and Related Party Transaction Policy was adopted by the Committee on [●], 2021.

Appendix

miSci
Schenectady Museum Association

Questionnaire Concerning Conflicts of Interest and

Affirmation re: Museum Policies

Part A: To be Completed by Trustees, Trustee Nominees, Officers and Key Persons

Please identify, to the best of your knowledge, any and all entities of which you are an officer, trustee, trustee, member, owner (either as a sole proprietor or a partner or, if in a partnership or professional corporation, in which you have a 5% ownership interest), or employee and with which miSci, the Schenectady Museum Association (the "Museum") has a relationship:

Please identify, to the best of your knowledge, any and all transactions in which the Museum is a participant and in which you have or might have a financial or personal interest:

Please confirm whether you or any "relative" (as defined in the Conflict of Interest and Related Party Transaction Policy), have or have engaged in, or whether you know of any other "Covered Person" (as defined in the Conflict of Interest and Related Party Transaction Policy) that has or has engaged in, any of the following (other than matters already fully disclosed, evaluated and resolved):

	Yes	No
1. a direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which the Museum or any affiliate participates.		
2. a compensation arrangement or other interest in a transaction with the Museum (other than, with respect to key persons, your salary as an employee with the Museum).		
3. a compensation arrangement or other interest in or affiliation with any entity or individual that: (a) sells goods or services to, or purchases goods or services from, the Museum; (b) competes with the Museum; or (c) the Museum has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with.		
4. used your/their position, or confidential information or the assets of the Museum to your/their (or an affiliated party's or relative's) personal advantage or for an improper or illegal purpose.		
5. solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on you/them (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction).		

6.	acquired any property or other rights in which the Museum has, or you/they know or have reason to believe at the time of acquisition that the Museum is likely to have, an interest.		
7.	an opportunity related to the activities of the Museum that is available to the Museum or to you/them, unless the Committee has made an informed decision that the Museum will not pursue that opportunity.		
8.	indebtedness to the Museum, other than for amounts due for ordinary travel and expense advances.		
9.	any other circumstances that may, in fact or in appearance, make it difficult for you/them to exercise independent, objective judgment or otherwise perform effectively.		

If yes, to any of the above please describe the relevant facts (attach a separate sheet if necessary):

Part B: To be Completed by Trustees Only

	Yes	No
1. Have you been an employee or key person of the Museum or an "affiliate" (as defined in the Conflict of Interest and Related Party Transaction Policy) of the Museum within the last three years?		

2.	Do you have a “relative” (as defined in the Conflict of Interest and Related Party Transaction Policy) who has been a “key person” (as defined in the		
	Conflict of Interest and Related Party Transaction Policy) of the Museum or an affiliate of the Museum within the last three years?		
3.	Have you received and/or do you have a relative who has received more than \$10,000 in direct compensation from the Museum or an affiliate of the Museum in any of the last three fiscal years (not including reasonable compensation or reimbursement for services as a trustee)?		
4.	Do you have a financial interest in, and/or are you an employee of, any entity that has provided payments, property or services to or received payments, property or services from, the Museum or an affiliate of the Museum in the last three fiscal years that exceeded the lesser of: (i) \$10,000 or 2% of such entity’s consolidated gross revenues if the entity’s consolidated gross revenue was less than \$500,000; (ii) \$25,000 if the entity’s consolidated gross revenue was \$500,000 or more but less than ten million dollars; or (iii) \$100,000 if the entity’s consolidated gross revenue was ten million dollars or more? If so, what is or was the nature of your financial interest or relationship?		
5.	Do you have a relative who has a financial interest in, and/or who is an officer of, any entity that has provided payments, property or services to or received payments, property or services from, the Museum or an affiliate of the Museum in the last three fiscal years that exceeded the lesser of: (i) \$10,000 or 2% of such entity’s consolidated gross revenues if the entity’s consolidated gross revenue was less than \$500,000; (ii) \$25,000 if the entity’s consolidated gross revenue was \$500,000 or more but less than ten million dollars; or (iii) \$100,000 if the entity’s consolidated gross revenue was ten million dollars or more? If so, what is or was the nature of your relative’s financial interest or relationship?		
6.	Are you a current owner, whether wholly or partially, trustee, officer or employee of the Museum’s outside auditor or an entity that worked on the Museum’s audit at any time during the past three years?		
7.	Do you have a relative who is a current owner, whether wholly or partially, trustee, officer or employee of the Museum’s outside auditor or an entity that has worked on the Museum’s audit at any time during the past three years?		

If yes to any of the above, please describe the relevant facts (attach a separate sheet if necessary):

The answers to the foregoing questions are stated to the best of my knowledge and belief.

I also acknowledge that I have received a copy of, read and understood the Conflict of Interest and Related Party Transaction Policy and Whistleblower Policy of the Museum and agree that I have adhered and will continue to adhere to such policies.

Additionally, I understand that in order to maintain its federal tax exemption the Museum must engage primarily in activities that accomplish one or more of its tax exempt purposes.

Date: _____ Signature: _____

Printed Name: _____