

# THE SCOTTISH FOUNDATION OF INDIANAPOLIS, INC. BYLAWS

## Article I: Name and Formation

- A. Name. The name of this organization shall be The Scottish Foundation of Indianapolis, Inc. in accordance with the Articles of Incorporation on file with the State of Indiana, and hereinafter referred to as the “Foundation.”
- B. Formation. The Foundation is incorporated separately from and as a subsidiary of the Scottish Society of Indianapolis, hereinafter referred to as the “Society.”

## Article II: Purpose

The purposes of the Foundation are:

- A. To promote Scottish education and culture through programs, festivals, and events.
- B. To receive and disburse funds for education, the Indianapolis Scottish Highland Games and Festival, and The Scottish Foundation of Indianapolis McMath Scholarship.
- C. To support genealogical research, provide educational assistance, and dispense charitable donations to qualified organizations.
- D. To provide educational assistance to schools and school children about Scottish customs, traditions, and history.
- E. To organize and execute the Indianapolis Scottish Highland Games and Festival.
- F. Exclusively for charitable, educational, and scientific purposes, including for such purposes the making of distributions to organizations that qualify as exempt organizations under Section 501(c)3 of the Internal Revenue Code or corresponding section of any future federal tax code.
- G. To prohibit net earnings to inure or be distributed to officers, Society members, or private persons, except that the Foundation shall be authorized to make payments and distributions in furtherance of the purposes set forth in this purposes clause.
- H. To have no substantial part of the activities include carrying on of propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in (including the publishing or distribution of statements about) any political campaign on behalf of any candidate for public office.
- I. Notwithstanding any other provision of the bylaws or the Articles of Incorporation, not for any purpose not permitted by an organization exempt

under Section 501(c)3 of the Internal Revenue Code or corresponding section of any future federal tax code or by an organization exempt under Section 170(c)2 of the Internal Revenue Code or corresponding section of any future federal tax code.

### **Article III: Officers**

- A. Officers. The officers of the Foundation shall collectively be known as the Board of Directors and shall consist of the Society's Board of Trustees, the chairperson(s) of all Standing Committees, and a Chief Executive Officer appointed as Chairperson of the Board by a simple majority of the Directors. The Chief Executive Officer must be a Trustee of the Society.
  - a. The Chief Executive Officer shall be removed from office by a simple majority of the Directors at a Semi-Annual or Special Meeting.
- B. Duties. The following applies to all Directors:
  - a. The duties and authority of the Directors shall be those of the Trustees of the Society.
  - b. The Directors shall serve without pay.
  - c. The Directors shall set the budget for the Foundation and any activity or event.

### **Article IV: Meetings**

- A. Semi-Annual Meetings. The Directors shall hold semi-annual business meetings in April and October of each year. Such meetings will be announced to the Society membership at least thirty days in advance.
- B. Special Meetings. Special meetings may be held at such time and place as may be called by the Chief Executive Officer or a majority of the Directors.
- C. Agenda. An agenda shall be provided by the Chief Executive Officer to the Directors at least two days in advance of any meeting.
- D. Quorum. At any meeting of the Directors, the presence of a simple majority of the Directors then qualified shall constitute a quorum for the transaction of business
  - a. Absence of a Quorum. In the absence of a quorum, no formal action shall be taken except to adjourn the meeting to a subsequent date.
- E. Voting. Passage of a motion requires a simple majority of the Directors then qualified.

## **Article V: Committees**

There are two types of committees within the Foundation: Standing and Special. Committees may be created by the Chief Executive Officer or by a majority of the Directors. Duties shall be assigned when the committee is created.

- A. Standing Committees. A standing committee shall have its chair appointed by the Chief Executive Officer and be approved by a majority of the Directors.
  - a. The Organizing Committee of the Indianapolis Scottish Highland Games and Festival is a standing committee responsible for managing the event and its related activities.
  - b. The Scholarship Committee is a standing committee responsible for supporting and promoting The Scottish Foundation of Indianapolis McMath Scholarship.
- B. Special Committees. A special committee shall have its chair appointed by the Chief Executive Officer or by a majority of the Directors.
  - a. A special committee shall exist for such duration as needed, but not for longer than twelve months without being considered for conversion to a standing committee.

## **Article VI: Fiscal Policies**

The following rules shall govern the Foundation:

- A. Fiscal Year. The fiscal year of the Foundation shall be the same as the fiscal year of the Society.
- B. Audit. Two impartial members of the Society shall audit the records annually and report to the Directors their findings in writing.
- C. Funds. Funds for the Foundation shall be kept in an account separate from the Society.
- D. Grants Received. The Directors shall ensure monies received by grant-making organizations or individuals are expended only for the Purposes set forth above.

## **Article VII: Conflict of Interest Policy**

The purpose of this Policy is to protect the Foundation's interest when considering transactions that might benefit the private interest of a Director or might result in a possible excess benefit. This Policy is intended to supplement but not replace any applicable federal, state, or local laws or regulations regarding conflict of interest applicable to non-profit and charitable organizations.

A. Definitions

- a. Interested Person. Any Director, Trustee, officer, committee member, or event participant with Governing Board delegated powers who has a direct or indirect financial interest as defined below, is an Interested Person.
- b. Compensation. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- c. Financial Interest. A person has financial interest if the person has, directly or indirectly through business, investment, or family:
  - i. An ownership or investment interest in any entirety with which the Society has a transaction or arrangement.
  - ii. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or
  - iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.
  - iv. A financial interest is not necessarily a conflict of interest. A person who has financial interest may have a conflict of interest only if the appropriate Governing Board or committee determines that a conflict exists.
- d. Governing Board. The Governing Board for this Policy shall be the Directors including the Chief Executive Officer.

B. Procedures

- a. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of the committee with Governing Board delegated powers considering the transaction or arrangement. The Interested Person may recuse himself or herself from deliberation and voting. If the Interested Person does not recuse himself or herself from deliberation and voting, the Directors shall determine if recusal is necessary and may prohibit the Interested Person from deliberation and voting.
- b. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the Interested Person, the appropriate Governing Board or committee shall determine whether a conflict of interest exists according to the following procedures:

- i. An Interested Person may make a presentation at the meeting of the appropriate Governing Board or committee and then be excluded from further deliberation and voting.
- ii. The chair of the Governing Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- iii. After exercising due diligence, the Governing Board or committee shall determine whether the Foundation can obtain, with reasonable efforts, a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- iv. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Governing Board or committee shall determine by a majority vote of the disinterested Directors or committee members whether the transaction or arrangement is in the Foundation's best interests, for its own benefit, and whether it is fair and reasonable. The Governing Board or committee shall then determine whether to enter into the transaction or arrangement.

C. Violations of the Conflict of Interest Policy

- a. If the Governing Board or committee has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the person the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. After hearing the Interested Person's response and after making further investigation if warranted, the Governing Board or committee shall determine if the Interested Person has failed to disclose an actual or possible conflict of interest. The Governing Board or committee shall then take appropriate disciplinary or corrective action.
- c. If injury has been or may be done to the Foundation, the Governing Board or committee, at a minimum, shall attempt to overturn or nullify any transaction or arrangement, or if that is not possible, ask the Interested Person to compensate the Foundation for any gain obtained by the influence on Foundation decision-making. The Governing Board or committee may also consider legal action to correct the injury. The Directors or Chief Executive Officer shall examine the transactions or arrangements of a committee if the committee does not or appears to not examine its transactions or arrangements and shall attempt to overturn or nullify any transaction or arrangement, or if that is not

possible, ask the Interested Person to compensate the Foundation for any gain obtained by the influence on Foundation decision-making.

**D. Records of Proceedings**

The minutes of the Governing Board or committee meetings shall contain:

- a. 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 exists, and decision of the Governing Board or committee as to whether a conflict of interest existed.
- b. The names of the persons present for discussions and votes related to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of votes taken in connection with the proceedings.

**E. Affirmation of Conflict of Interest Policy**

Each Director, Trustee, officer, committee member, or event participant with Governing Board delegated powers shall annually sign a statement affirming such person:

- a. Has received a copy of the Conflict of Interests Policy,
- b. Has read and understands the Policy,
- c. Has been afforded the opportunity to ask for clarification,
- d. Has agreed to comply with the Policy, and
- e. Understands the Foundation is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Article VIII: Other Provisions**

A. Compensation Policy. The purpose of this Policy is to protect the Foundation's interest when considering compensation of individuals.

- a. A voting member of the Governing Board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Governing Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either

individually or collectively, is prohibited from providing information to any committee regarding compensation.

- B. Periodic Review. The purpose of this Policy is to ensure the Foundation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its status under Section 501(c)3 of the Internal Revenue Code or corresponding section of any future federal tax code.
- a. The Directors shall conduct periodic reviews, including at a minimum the following:
    - i. Whether compensation transactions and arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining, and
    - ii. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's bylaws and policies, are properly recorded, reflect reasonable investment or payment for goods and services, further its charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.
  - b. The Directors may use outside advisors to conduct the review, but this use does not relieve them of their responsibility for ensuring periodic reviews are conducted.

### **Article IX: Amendments**

These bylaws may be amended by a two-thirds vote of the Directors present at any meeting at which a quorum exists, on the condition that each Director has been provided with a copy of the proposed amendment(s) at least one week prior to the meeting.

### **Article X: Dissolution**

Upon dissolution of the Foundation, all assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)3 of the Internal Revenue Code or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for public purposes.

These Bylaws of The Scottish Foundation of Indianapolis, Inc. are hereby approved and adopted by the Directors on this 18th day of May, 2017 and will remain in effect until amended or replaced by a new document.