

North Carolina SAR Code of Conduct and Conflict of Interest Policy

(as required by the April 23, 2021 version, NCSSAR Bylaws, Article XVI)

I. Code of Business Ethics and Conduct Policy

Section 1. General. National Society, Sons of the American Revolution (hereafter, NSSAR) is a not-for-profit corporation chartered by an Act of the United States Congress on June 9, 1906. The purposes and objects of NSSAR are declared to be patriotic, historical, and educational, and shall include those intended or designed to perpetuate the memory of the men who, by their services or sacrifices during the war of the American Revolution, achieved the independence of the American people; to unite and promote among their descendants; to inspire them and the community at large with a more profound reverence for the principles of the Government founded by our forefathers; to encourage historical research in relation to the American Revolution; to acquire and preserve the records of the individual services of the patriots of the war, as well as documents, relics, and landmarks; to mark the scenes of the Revolution by appropriate memorials; to celebrate the anniversaries of the prominent events of the war and of the Revolutionary period; to foster true patriotism; to maintain and extend the institutions of American freedom, and to carry out the purposes expressed in the preamble to the Constitution of our country and the injunctions of Washington in his farewell address to the American people.

To maintain the high standard of conduct expected and deserved by our Forefathers, our members, and the American public, NSSAR operates under the Code of Business Ethics and Conduct outlined below.

Section 2. Compliance Requirements. All members, employees, and volunteers are required to comply with applicable federal, state, and local laws and regulations and with NSSAR and North Carolina SAR (hereafter, jointly, NCSSAR) bylaws and policies.

Section 3. Prohibited Actions. No member, employee, or volunteer shall engage in the following actions:

- Authorize the use of or use for the benefit or advantage of any person, the name, emblem, endorsement, services, or property of NCSSAR, except in conformance with NCSSAR policy.
- Accept or seek on behalf of any other person, any financial advantage or gain of other than nominal value offered because of the member's, employee's, or volunteer's affiliation with NCSSAR.
- Publicly use any NCSSAR affiliation in connection with promotion of partisan politics, religious matters, or positions on any issue not in conformity with the official position of NCSSAR.

- Disclose any confidential NCSSAR information that is available solely because of the member's, employee's or volunteer's affiliation with NCSSAR to any person not authorized to receive information or use to the disadvantage of NCSSAR any such confidential information, without the express authorization of NCSSAR.
- Knowingly take any action or make any statement intended to influence the conduct of NCSSAR in such a way as to confer any financial benefit on any person, corporation, or entity in which the individual has a significant interest or affiliation.
- Operate or act in a manner that creates a conflict or appears to create a conflict with the interests of NCSSAR and any organization in which the individual has a personal, business, or financial interest.
- Retaliate against any member, employee or volunteer who seeks advice about, raises a concern with, or makes a complaint about fraud, waste, abuse, policy violations, discrimination, illegal conduct, unethical conduct, unsafe conduct, or any other misconduct by the organization, its members, employees, or volunteers.
- Operate or act in any manner that is contrary to the best interest of NCSSAR.
- Conduct in disseminating via multi-party e-mail, mail, social media or other means, disparaging, maligning, false, or harassing comments or statements concerning compatriots.
- Issuance of circulars, communications, or pronouncements regarding NCSSAR purporting to represent official policies of the NCSSAR via multi-party e-mail, mail, social media, or other means, without the approval of the Executive Committee.
- Misappropriate or convert to personal use the personal or intellectual property of the NCSSAR without the approval of the Executive Committee.

Section 4. Reporting Responsibility. Each member, employee, volunteer, and other stakeholder of NCSSAR has an obligation to report, in accordance with this Code of Business Ethics and Conduct Policy, violations and suspected violations of this Policy.

Section 5. Handling of Reported Violations. Violations of this Policy will be reported and addressed as specified by NCSSAR Bylaw XV.

II. Conflict of Interest Statement and Code of Organizational Conduct

Section 1. Purpose. North Carolina SAR (hereafter NCSSAR) is a not for profit, tax-exempt organization. Maintenance of its tax-exempt status is important for both continued financial stability, and public and member support. Therefore, the Internal Revenue Service, as well as other regulatory agencies, tax officials and other stakeholders view the policy and operations of the North Carolina Sons of the American Revolution (NCSSAR) as a public trust, which is subject to scrutiny by and accountable to such authorities as well as its constituents.

Consequently, there does exist between NCSSAR and its officers, committee chairmen, executive committee members, and the public a fiduciary duty that carries with it a broad and clear duty of fidelity and loyalty. The officers, committee chairmen, and executive committee members have the responsibility to administer the affairs in an honest and prudent manner,

exercising the best skill, abilities, and judgment for the sole benefit of NCSSAR. Those persons who serve in leadership capacities shall exercise good faith in all matters and transactions and shall refrain from practices that allow personal gain or benefit due to knowledge or influence. The interest of the SAR shall be the priority in all decision and actions.

Section 2. Persons Concerned. This code and statement are intended for all Officers, Executive Committee members, and others as so determined by the Board of Managers of NCSSAR. All persons who may influence decisions of NCSSAR may be added at any time.

Section 3. Areas of Potential Conflict. Conflicts may arise in relations to Officers, Executive Committee members, and others, with any of the following third parties:

1. Persons and firms supplying goods and services to NCSSAR.
2. Persons and firms from whom NCSSAR leases property or equipment.
3. Persons and firms with whom NCSSAR is maintaining or plans to maintain a business relationship that involves the sale of real estate, securities, or other property.
4. Other organizations.
5. Donors and others supporting NCSSAR.
6. Agencies, organizations, and associations that affect the operations of NCSSAR.
7. Family members, close associates, and other employees.

Section 4. Nature of Conflict of Interest. A conflicting interest may be defined as an interest, direct or indirect, with any person or firms mentioned in Section 3. Such interest may arise from the following activities:

1. Owning stock or holding debt or other proprietary interest in a third party dealing with NCSSAR.
2. Holding office, serving on the board, participation in management, or being otherwise employed or previously employed with any third party who conducts business or intends to conduct business with NCSSAR.
3. Receiving remuneration for services with respect to individual transactions involving NCSSAR.
4. Using the time, personnel, equipment, goodwill, or other resources of NCSSAR for activities other than approved activities, programs, and functions.
5. Receiving personal gifts, professional opportunities or loans from third-party vendors conducting business or intending to conduct business with NCSSAR. Receipt of any gift of cash is prohibited. Gifts with a value of less than \$25 (twenty-five dollars) may be accepted only if the acceptance avoids a discourtesy.

Section 5. Interpretation of Policy. The areas of conflicting interest listed in Sections 3 and 4 are examples of potential conflicts and may be expanded as situations dictate. All persons who serve in leadership and critical areas of NCSSAR shall use best judgment to determine any possible conflicts. The NCSSAR Chancellor shall be consulted on any question of this policy.

Persons in leadership positions of NCSSAR shall disclose any potential conflict before transactions are consummated. The leadership shall scrutinize all transactions and disclose any

activities that are, or have the appearance of, a conflict to the Board of Managers immediately upon knowledge of such activities.

This policy, once enacted, shall be mandatory for all affected members. Any change of the policy will require a two-thirds affirmative vote of the Board of Managers of NCSSAR. Such vote will occur at a called meeting of the Board of Managers.

Section 6. Disclosure Policy and Procedure. Transactions with parties with whom a conflicting interest exists may only be undertaken when all four (4) stipulations are met:

1. The conflict of interest is fully disclosed.
2. The person with the conflict refrains from discussion and approval of such transaction.
3. A competitive bid or comparable valuation exists.
4. The leadership, Executive Committee, Board of Managers, or duly constituted committee determines that the transaction serves the best interest of NCSSAR.

Disclosure shall be made to the NCSSAR President (NCSSAR Senior Vice President, if the NCSSAR President is the person in conflict) and the NCSSAR Chancellor, who shall bring the matter to the Board of Managers for discussion and resolution.

The duly constituted committee shall determine whether a conflict exists. Further, the constituted body shall determine in a fair, just, and reasonable manner if the approval of such transaction with the disclosed conflict best serves the interest and mission of NCSSAR.

A NCSSAR Code of Conduct Statement must be signed each year by all Officers, Executive Committee members, and others as so determined by the Board of Managers of NCSSAR.

Section 7. Handling of Reported Violations. Violations of this Policy will be reported and addressed as specified by NCSSAR Bylaw XV.

III. Records Retention and Destruction Policy

Section 1. Purpose of Records. North Carolina SAR (hereafter, NCSSAR) must maintain books and records to show that it complies with tax rules. The organization must be able to document the sources of receipts and expenditures reported on Form 990, *Return of Organization Exempt from Income Tax* or Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*, and Form 990-T, *Exempt Organization Business Income Tax Return*.

If NCSSAR does not keep required records, it may not be able to show that it qualifies for tax-exempt status. Thus, NCSSAR may lose its tax-exempt status. In addition, NCSSAR may not be able to complete its return accurately and may be subject to penalties. When good recordkeeping systems are in place, NCSSAR can evaluate the success of its programs, monitor its budget, and prepare its financial statements and returns.

Section 2. Records to be kept. Except in a few cases, the law does not require a special kind of record. NCSSAR should choose any recordkeeping system suited to its activities, that clearly shows the organization’s income and expenses. NCSSAR activities should determine the type of records that should be kept for federal tax purposes. NCSSAR should set up a recordkeeping system using an accounting method that is appropriate for proper monitoring and reporting of its financial activities for the tax year. Since NCSSAR has more than one program, it should ensure that the records appropriately identify the income and expense items that are attributable to each program.

Section 3. Period of Retention. NCSSAR must keep records for federal tax purposes for as long as they may be needed to document evidence of compliance with provisions of the Code. NCSSAR must keep records that support an item of income or deduction on a return until the statute of limitations for that return runs. After the statute of limitations has run NCSSAR can no longer amend its return and the IRS can no longer assess additional tax. Generally, the statute of limitations runs three years after the date the return is due or filed, whichever is later. NCSSAR may be required to retain records longer for other legal purposes, including state or local tax purposes.

NCSSAR record retention periods vary depending on the types of records and returns.

Permanent Records – Some records should be kept permanently. These include the application for recognition of tax-exempt status, the determination letter recognizing tax-exempt status, and organizing documents, such as articles of incorporation and by-laws, with amendments, as well as board minutes.

Employment Tax Records – NCSSAR must keep employment tax records for at least four years after the date the tax becomes due or is paid, whichever is later.

Records for Non-Tax Purposes – When records are no longer needed for tax purposes, NCSSAR should keep them until they are no longer needed for non-tax purposes. For example, a grantor, insurance company, creditor, or state agency may require that records be kept longer than IRS requires.

Section 4. NCSSAR Retention Policy. The following table provides the minimum requirements for determining document retention policy.

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit Reports	Permanently
Bank Reconciliations	2 years
Bank Statements	3 years
Checks (for important payments and purchases)	Permanently
Conflict of Interest statements	4 years
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently

Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation Schedules	Permanently
Duplicated deposit slips	2 years
Employment applications	3 years
Expenses Analyses/expense distribution schedules	7 years
Year End Financial Statements	Permanently
Insurance Policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Inventories of product, materials, and supplies	7 years
Invoices (to customers, from vendors)	7 years
Minutes books, bylaws, and charter	Permanently
Patents and related papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

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Section 5. Electronic. NCSSAR Officers should follow the above guidance in Section 1 thru Section 4 in determining the electronic records that should be retained and the length to be retained.

Section 6. Record Destruction. All records (manual and electronic) should be destroyed after the expiration of the retention period unless there is a reason to retain them longer.

The destruction of each record should be performed by two members of the Audit Committee and must be documented. Documentation of the records destroyed must include the date destroyed, description of the record destroyed and the name of the person/persons destroying the record.

Destruction of documents will be suspended when NCSSAR is notified of an investigation by a regulatory authority.

Section 7. Handling of Reported Violations. Violations of this Policy will be reported and addressed as specified by NCSSAR Bylaw XV.