

[Corporation Name]
CONFLICT OF INTEREST POLICY

ARTICLE I PURPOSE

The purpose of this policy (the “Policy”) is to protect the interests of [Name of Corporation] (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Director, Officer, or Key Employee of the Corporation. The Corporation will not enter into any such transaction or arrangement unless it is determined by the Board in the manner described below to be fair, reasonable and in the best interests of the Corporation at the time of such determination

This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to non-for-profit and charitable organizations.¹

ARTICLE 2 RELATED PARTY TRANSACTIONS AND DUTY TO DISCLOSE

A Related Party Transaction is not necessarily a prohibited transaction. Under this Policy, if the Corporation contemplates entering into a Related Party Transaction, the [Independent Directors of the]² Board must determine if the transaction is fair, reasonable, and in the best interests of the Corporation at the time of such determination.

If at any time during his or her term of service a Related Party acquires any Financial Interest or when any matter for decision or approval comes before the Board in which a Related Party has a Financial Interest, that Financial Interest or potential Related Party Transaction must be promptly disclosed in writing to each member of the Board, the President, [and to the Chair of the appropriate Board Committee], together with all material facts. The Board will then follow the procedures in Article 4 of this Policy.

¹ This conflict of interest policy is designed to comply with both Federal excess benefit transaction rules (26 U.S.C. §4958) and New York State Not for Profit Corporation Law §715-a. As a result, in some instances organizations may have to go further than would be required under either state or federal law to review a transaction in order to ensure that both set of rules are satisfied. This sample is meant to provide general information only, not legal advice. Lawyers Alliance staff are available to help qualifying nonprofits draft a conflict of interest policy.

² This policy has been drafted to give Boards the option of having related party transactions reviewed with by the Board (or Committee thereof) without the participation of the Related Party or by the Independent Directors of the Board (or Committee thereof) without the participation of the Related Party,

Failure to disclose to the Board a known Financial Interest or a known potential Related Party Transaction may be grounds for removal from the Board or termination from the Corporation.

ARTICLE 3 DISCLOSURE AND VOTING

Disclosure. Any Related Party shall disclose in good faith all material facts of his or her Financial Interest to the Board.

Non-Participation and Review. All transactions, agreements or any other arrangements between the Corporation and a Related Party, and any other transactions which may involve a potential conflict of interest, shall be reviewed by the [Independent Directors of the] Board. All Related Parties with a Financial Interest shall leave the room in which such deliberations are conducted. The Independent Directors of] [T]he Board will then determine whether the contemplated Related Party Transaction is fair, reasonable, and in the best interests of the Corporation at the time of such determination. The Corporation will not enter into any Related Party Transaction unless it is determined to be fair, reasonable and in the best interest of the Corporation at the time of such determination.

Consideration of Alternate Transactions and Comparability Data.

If the contemplated Related Party Transaction pertains to compensation for services or the transfer of property or other economic benefit to a Related Party, [the Independent Directors of][T]he Board must determine that the value of the economic benefit provided by the Corporation to the Related Party does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data prior to entering the transaction.

In those instances where the contemplated Related Party Transaction does not involve compensation, transfer of property or benefits to a Related Party, [the Independent Directors of] [T]he Board must consider alternative transactions to the extent possible, prior to entering into such transaction.

Comparability Data. When considering the comparability of compensation, for example, the types of relevant Comparability Data which [the Independent Directors of] [T]he Board may consider include, but are not limited to (1) compensation levels paid by similarly situated organizations, both exempt and non-exempt; (2) the availability of similar services within the same geographic area; (3) current compensation surveys compiled by independent firms; and (4) written offers from similar institutions competing for the same person's 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.

Voting. The Board or shall, after considering alternate transactions and/or comparability data, determine in good faith by vote [of the Independent Directors] of the Board whether the

DOC ID - 21117360.1

transaction or arrangement is fair, reasonable, and in the best interest of the Corporation at the time of such decision. The transaction shall be approved by not less than a majority vote of the [Independent] Directors or Committee members present at the meeting. In conformity with the above criteria, the Board shall make its decision as to whether to enter into the transaction or arrangement and shall document the meeting contemporaneously under Article 6 of this Policy.

All Related Parties with a Financial Interest must not be present for deliberations and voting on the transaction or arrangement in which he or she has a Financial Interest. However, Related Parties are not prohibited from providing information regarding the transaction to the Board prior to the Board's deliberations. [Only Independent Directors of the Board shall vote on Related Party Transactions.] No Director or Officer shall vote, act, or attempt to influence improperly the deliberations on any matter in which he or she has been determined by the Board to have a Financial Interest. Any attempt to vote, act, or improperly influence deliberations by a Related Party on any matter with which such person has a Financial Interest may be grounds for removal from the Board or termination from the Corporation.

Compensation.

A voting member of the Board of Directors or an Officer who receives compensation directly or indirectly from the Corporation for services or a Director serving as a voting member of any Committee whose jurisdiction includes compensation matters is precluded from voting or acting on matters pertaining to that Director's or Officer's compensation.

No voting member of the Board or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

ARTICLE 4 AUDIT [OR OTHER] COMMITTEE REVIEW

The Board may delegate to the Audit [or other] Committee, which shall be composed solely of Independent Directors, the adoption, implementation of and compliance with this policy. The Board may delegate to the Audit [or other Committee] review and approval of any Related Party Transaction involving a Related Party and the Corporation, as contained in this Policy; provided that if the Related Party Transaction is of a magnitude that would otherwise require full Board approval, the Committee shall submit the Related Party Transaction to the Board for consideration, providing its recommendation as to whether or not to approve it.

In the event the Board delegates the review and approval of Related Party transactions to a committee, all references to Board in this Policy shall be deemed to refer to such Committee and all references to a majority of the Board shall be deemed to refer to a majority of such Committee.

ARTICLE 5 RECORDS OF PROCEEDINGS

The minutes of all meetings of the Board and all Committee meetings at which a Related Party Transaction is considered shall contain:

- The names of the persons who disclosed or otherwise were determined to have a potential or actual Financial Interest and/or conflict of interest, the nature of the potential or actual Financial Interest and/or conflict of interest, any action taken to determine whether a Financial Interest or conflict of interest exists, and the Board's decision as to whether a Financial Interest and/or conflict of interest exists.
- The names of the persons who were present for discussions and votes relating to any determinations under Article 6(a) above, including whether the Related Party[and any members not considered to be Independent Directors,] left the room during any such discussions, the content of such discussions, including discussion of alternative transactions, and whether or not the transaction with the Related Party was approved by the Board.
- The minutes shall be documented contemporaneously to the decision and discussion regarding the Financial Interest or conflict of interest.

ARTICLE 6 INITIAL AND ANNUAL WRITTEN DISCLOSURES

Prior to a Director's initial election to the Board, or an Officer or Key Employee's employment at the Corporation, and thereafter on an annual basis, all Directors, Officers, and Key Employees shall disclose in writing to the Secretary of the Corporation:

- (i) Any entity of which such person or a Relative of such person is an officer, director, trustee, member, owner, or employee and with which the Corporation has a relationship,
- (ii) Any Financial Interest such person may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to Corporation for a fee or other compensation, and
- (iii) Any position or other material relationship such Director, Officer, Key Employee, or Relative of such person, may have with any not-for-profit corporation with which the Corporation has a business relationship.

A copy of each disclosure statement shall be kept in Corporation's files and made available to any Director, Officer, or Key Employee upon request.

ARTICLE 7 ANNUAL STATEMENTS

Each Director, Officer, and Key Employee shall annually sign and submit to the Secretary of the Corporation a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

ARTICLE 8 DEFINITIONS

- Affiliate. An affiliate of the Corporation is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the Corporation.
- Board of Directors. The body responsible for the management of the Corporation.
- Director. Any voting or non-voting member of the governing board of a corporation, whether designated as a director, trustee, manager, governor, or by any other title.
- Financial Interest. A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangement involving the Corporation.
- Independent Director. A member of the Board of Directors (the “Board”) who:
 - Has not been an employee of the Corporation or an Affiliate of the Corporation within the last three years;
 - Does not have a Relative who has been a Key Employee of the Corporation or an Affiliate of the Corporation within the last three years;
 - Has not received and does not have a Relative who has received more than \$10,000 in compensation directly from the Corporation or an Affiliate of the Corporation in any of the last three years (not including reasonable compensation or reimbursement for services as a Director, as set by the Corporation);
 - Does not have a substantial Financial Interest in and has not been an employee of, and does not have a Relative who has a substantial Financial Interest in or was an Officer of, any entity that has made payments to or received payments from, the Corporation or an Affiliate of the Corporation in excess of the lesser of: (a) \$25,000 or (b) 2% of the Corporation’s consolidated gross revenue over the last three years (payment does not include charitable contribution);
 - Is not in an employment relationship under control or direction of any Related Party and does not receive payments subject to approval of a Related Party;

- Does not approve a transaction providing economic benefits to any Related Party who in turn has approved or will approve a transaction providing economic benefits to the Director.
- Key Employee. A Key Employee is a person who is, or has within the last five years, been in a position to exercise substantial influence over the affairs of the Corporation. This includes, but is not limited to:
 - Voting members of the Board;
 - Presidents, chief executive officers, chief operating officers or employee of any other title with similar responsibilities;
 - Treasurers and chief financial officers or employee of any other title with similar responsibilities; or
 - A “highly compensated” employee, within the meaning of section 4958 of the Internal Revenue Code and guidance issued by the Internal Revenue Service, who is in a position to exercise substantial influence over the affairs of the Center.
- Officer. A person who has the authority to bind the Corporation as designated in the bylaws of the Corporation.
- Related Party. Persons who may be considered a Related Party of the Corporation or an Affiliate of the Corporation under this Policy include:
 - Directors, Officers, or Key Employees of the Corporation or an Affiliate of the Corporation;
 - Relatives of Directors, Officers, or Key Employees;
 - any entity in which a person in (i) or (ii) has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%;
 - Founders of the Corporation;
 - Substantial contributors to the Corporation (within the current fiscal year or the past five fiscal years);
 - Persons owning a controlling interest (through votes or value) in the Corporation;
 - Any non-stock entity controlled by one or more Key Employees.
- Related Party Transaction. Any transaction, agreement or any other arrangement with the Corporation or an Affiliate of the Corporation in which a Related Party has a Financial Interest. Any Related Party Transaction will be considered a conflict of interest for purposes of this Policy.
- Relative. A Relative is a spouse, ancestor, child (whether natural or adopted), grandchild, great grandchild, sibling (whether whole or half blood), or spouse of a child (whether natural or adopted), grandchild, great grandchild or sibling (whether whole or half blood), or a domestic partner as defined in section 2994-A of the New York Public Health Law.

Adopted by the Corporation's Board of Directors at its meeting on __, 2014.