



Policy and Procedure: *Corporate Compliance*

Topic: *Conflict of Interest*

Purpose:

The purpose of the conflict of interest policy is to comply with New York's Not-For-Profit Corporation Law and protect the federally tax-exempt organization's interest when it is contemplating in entering into a transaction or arrangement that might benefit the private interest of an officer, Director or Key Person of the Corporation, or their relatives, or might result in a possible 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 corporations.

In the event which this agreement and the statute conflict with one another, the statute governs. All Employees, Board Members and others who work for QSAC, including Auditors, Accountants, and Consultants retained by QSAC, have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy is established to ensure that individual care and business activities are conducted in an objective manner and are not motivated by the desire for personal or financial gain.

Policy:

A person with a conflict of interest is referred to as an "Interested Person". For purposes of this policy, the following circumstances shall be deemed to create a Conflict of Interest:

- A. A Director, Board Member, Employee, Key Person or Volunteer, or a Family Member of the foregoing, is a party to a contract, or involved in a transaction with QSAC for goods or services.
- B. A Director, Board Member, Employee, Key Person or Volunteer has a material financial interest in a transaction between QSAC and an entity in which the Director, Board Member, Employee, Key Person or Volunteer or a Family Member of the foregoing, is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, or other legal representative.
- C. A Director, Board Member, Employee, Key Person or Volunteer or a Family Member of the foregoing, is engaged in some capacity or has a Material Financial Interest in a business or enterprise that competes with QSAC.
- D. Other situations, such as an employee's, Board member's or Key Person's financial relationship with, or personal interest in, may create the reality or the appearance of a conflict, or present a duality of interests in connection with a person who has influence over the activities or finances of QSAC. All such circumstances should be disclosed to the Board of Directors as appropriate, and a decision made as to what course of action QSAC should take so that the best interests of QSAC are not compromised by the personal interests of stakeholders in QSAC.



Definitions:

"Conflict of Interest" is any circumstance described above (see "Policy" section).

A "Related Party" is i) any person serving as an officer, employee or member of the Board of Directors of directors of QSAC, or a Key Person; ii) Relatives of Directors, Officers, or Key Persons; iii) 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%;

"Key Person" is any person who (i) has responsibilities, or exercises powers or influence over QSAC as a whole similar to the responsibilities, powers, or influence of directors 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 substantial portion of the Corporation's capital expenditures or operating budget.

"Related Party Transaction" is any transaction, agreement or any other arrangement in which a Related Party has a financial interest and in which the Corporation or any affiliate of the Corporation is a participant except where: (i) where the Transaction itself or the Related Party's financial interest in the transaction is de minimis; (ii) the Transaction is the type that would not customarily be reviewed by the Board of Directors or Boards of similar organizations and are available to others on the same or similar terms, or (3) that constitute a benefit provided to a Related Party only as a member of a class of the beneficiaries that the Corporation intends to benefit as a part of its mission, as long as the benefit is available to similarly situated members of the same class on the same terms.

A "Family Member" is a person's spouse or domestic partner as defined in section twenty-nine hundred ninety-four-a of the public health law; (ii) his or her ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren; or (iii) the spouse or domestic partner of his or her brothers, sisters, children, grandchildren, and great-grandchildren.

"Senior Staff" includes the chief executive officer, president/chief operating officer, chief financial officer, director of finance, director of human resources, director of development, director of IT and any other staff member holding the title of "senior director" or "director."

A "Material Financial Interest" is a financial interest of any kind, including, but not limited to ownership, investment, compensation or potential ownership, investment or compensation, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Related Party's or Family Member's judgment with respect to transactions to which the entity is a party.

Material Financial Interest does not include charitable contributions, dues or fees paid to the corporation for services which the corporation performs as part of its nonprofit purposes, or payments made by the corporation at fixed or non-negotiable rates or amounts for services received, provided that such services by and to the corporation are available to individual



members of the public on the same terms, and such services received by the corporation are not available from another source.

A "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship, or the exercise of control over another organization.

Procedures:

Members of the Board of Directors and directorial staff must submit statements of a conflict of interest or potential conflict of interest to the Audit Committee for processing on an annual basis and as conflicts of interest arise.

Procedures for a Conflict of Interest:

- A. Contemporaneous disclosure: A Director member who plans not to attend a meeting at which he or she has reason to believe that the Board of Directors will act on a matter in which the person has a Conflict of Interest shall disclose to the Chairperson of the Board all facts material to the Conflict of Interest. The Chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- 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, he/she shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Directors shall decide if a conflict of interest exists. However, if the Board or committee needs more information prior to the commencement of deliberations or voting related thereto, the Board or committee may request that the person with the Conflict of Interest present background information or answer questions.
- C. Prohibition of an interested party's improper influence in deliberations: Prohibition of any attempt by the person with the Conflict of Interest to improperly influence the deliberations or voting on the matter giving rise to such conflict.
- D. Conflict resolution documented: Existence and resolution of conflict are to be documented in the Corporation's records, including the minutes of any meeting at which the conflict was discussed or voted upon.
- E. Procedures for Addressing the Conflict of Interest.
 1. After exercising due diligence, the Directors of the Board shall determine whether the Corporation 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.
 2. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Directors of the Board shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

The Interested Director may explain the conflict to the Board, but may not participate in Board deliberations or vote on the matter.

Any transaction in which a Director has a financial or personal interest shall be duly reviewed and approved by members of the Board of Directors prior to being elected and annually thereafter.



All transactions must be fair, reasonable and commensurate with services provided to QSAC. The Board is to consider alternative transactions, to the extent available and document in the minutes, the existence of the Conflict of Interest and basis for approval, including the alternative transactions considered.

Related Parties who are not members of the Board of Directors of QSAC and who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board action, shall disclose to the Chief Executive Officer any Conflict of Interest that such Related Party has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Related Party. The Related Party shall refrain from any action that may affect QSAC's participation in such Contract or Transaction.

Any Key Person who has an actual or potential Conflict of Interest shall disclose it to the Chief Executive Officer, who will inform the Chairperson of the Board of Directors. Together, they will determine the appropriate follow-up action, including, but not limited to, a full Board of Directors discussion and report to the Audit Committee. In instances where a Family Member reports to a related senior staff member, the Chief Executive Officer and the Board of Directors will determine alternative review procedures to ensure the related Family Member is fairly evaluated.

In the event that it is not clear that a Conflict of Interest exists, the Key Person with the potential conflict shall disclose the circumstances to the Chief Executive Officer, who shall determine whether full Board of Directors discussion is warranted or whether there exists a Conflict of Interest that is subject to this policy.

Procedures for a Related Party Transaction:

- A. Disclosure: Any Director, Officer, or Key Person who has an interest in a Related Party Transaction shall disclose in good faith the material facts concerning such interest to the Board or authorized committee.
- B. Board's or authorized committee's approval of transaction: Related Party Transactions shall not be entered into unless the transaction is determined by the Board or authorized committee thereof, to be fair, reasonable, and in the corporation's best interest at the time thereof.
- C. Related Party Transaction: Any Related Party Transaction which a Related Party has a Material Financial Interest, the Board or authorized committee shall:
 - 1. Prior to entering the transaction, consider alternative transactions;
 - 2. Approve the transaction by a majority vote of the Directors or committee members present at the meeting; and
 - 3. Document in writing the basis for the Board or authorized committee's approval, including consideration of any alternative transactions.
- D. Related Party's lack of participation in the Board's determination proceeding: No Related Party may participate in deliberations or voting regarding the Related Party's transaction in which he or she has an interest; provided nothing in this section shall prohibit Board or authorized Committee from requesting a Related Party present information as background or answer questions concerning a Related Party Transaction at a Board or Committee meeting prior to the commencement of deliberations or voting relating thereto.

Confidentiality:



Each Board member and employee shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of QSAC. Furthermore, Related Parties shall not disclose or use information relating to the business of QSAC for their personal profit or advantage or the personal profit or advantage of their Family Member(s).

Review of Policy:

Each Related Party shall be provided with and asked to review a copy of this Policy and to acknowledge in writing that he or she has done so.

Annually, each Board member, senior staff and department head shall complete a disclosure form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a Conflict of Interest. Such relationships, positions or circumstances might include service as a director of or consultant to another nonprofit organization, or ownership of a business that might provide goods or services to QSAC. Any such information regarding the business interests of a director, senior staff person, Board Member, Employee or a Family Member thereof, shall be treated as confidential and shall generally be made available only to the Chief Executive Officer, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this policy.

This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated to all staff and volunteers.

Violations of the Conflicts of Interest Policy:

1. If the Directors of the Board have reasonable cause to believe a Director has failed to disclose actual or possible conflicts of interest, it shall inform the Director of the basis for such belief and afford the alleged conflicted individual an opportunity to explain the alleged failure to disclose.
2. If, after hearing the Director's response and after making further investigation as warranted by the circumstances, the Directors of the Board determines the Director has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.