

Creative Arts Workshops for Kids

CONFLICT OF INTEREST POLICY

I. Application of Policy

This policy applies to officers, **Key Employees**, and members of the Board of Directors (individually, a “**director**,” collectively, the “**Board**”) of Creative Arts Workshops for Kids (the “**Organization**”). All persons covered under this policy are hereinafter referred to as “**Covered Persons**.” Capitalized terms used but not defined herein have the meaning ascribed in the Glossary section below.

II. Conflict of Interest

A conflict of interest may exist when the interests or concerns of a Covered Person may be seen as competing with the interests or concerns of the Organization. There are a variety of situations that raise conflict of interest concerns including, but not limited to, the following:

Financial Interests. A conflict of interest may exist where a Covered Person, a **Family Member**, or an entity in which a Covered Person or **Family Member** holds, directly or indirectly, a **Material Financial Ownership or Management Interest** (collectively referred to as “**Interested Party**”) directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the Organization. Examples include situations where:

- The Organization contracts to purchase or lease goods, services, or properties from an Interested Party;
- The Organization purchases an ownership interest in or invests in a business entity owned by an Interested Party;
- The Organization offers employment to a Covered Person or **Family Member** other than a person who is already employed by the Organization;
- An Interested Party is provided with a gift, gratuity, or favor of a substantial nature (*i.e.*, not of a nominal or de minimis nature) from a person or entity that does business or seeks to do business with the Organization; or
- An Interested Party is gratuitously provided use of the facilities, property, or services of the Organization.

Other Interests. A conflict of interest may also exist where an Interested Party obtains a non-financial benefit or advantage that such party would not have obtained absent the Interested Party’s relationship with the Organization or where the Interested Party’s duty or responsibility owed to the Organization conflicts with a duty or responsibility owed to some other organization. Examples include situations where:

- A Covered Person or **Family Member** seeks to obtain preferential treatment by the Organization for himself or herself or an Interested Party;

- A Covered Person or *Family Member* seeks to make use of confidential information obtained from the Organization for his or her own benefit or for the benefit of an Interested Party;
- A Covered Person or *Family Member* seeks to take advantage of an opportunity, or enable an Interested Party to take advantage of an opportunity that he or she has reason to believe would be of interest to the Organization.

III. Disclosure of Actual or Potential Conflicts of Interest

Covered Persons are under a continuing obligation to disclose any actual or potential conflict of interest as soon as it is known or reasonably should be known.

Each Covered Person shall complete a Conflict of Interest Disclosure Statement, in the form attached hereto as *Appendix A*, to fully and completely disclose the material facts about any actual or potential conflicts of interest he or she might have. The form shall be completed upon his or her association with the Organization and shall be updated annually thereafter. An additional disclosure statement shall be filed at such time as an actual or potential conflict arises.

For all Covered Persons, the disclosure statements shall be provided to the Board President, or in the case of the disclosure statement of the Board President, such statement shall be provided to Board Treasurer.

The Secretary of the Organization shall cause copies of all disclosure statements to be filed with the official corporate records of the Organization.

IV. Procedures for Review of Actual or Potential Conflicts Generally

Whenever there is reason to believe that an actual or potential conflict of interest exists between the Organization and a Covered Person, the disinterested directors shall be responsible for reviewing the matter and determining an appropriate organizational response to protect the interests of the Organization. This response may include, but is not necessarily limited to, further Board review or invoking the procedures described in Section V below with respect to a specific proposed action or transaction.

V. Procedures for Addressing Conflicts of Interest for Specific Transactions

If it is determined that an actual or potential conflict of interest exists between the interests of the Organization and a Covered Person with respect to a specific proposed action or transaction, the Organization shall use commercially reasonable efforts to refrain from the proposed action or transaction until such time as the proposed action or transaction (or, in each case, activity in furtherance thereof) has been approved by the disinterested members of the Board. The following procedures shall apply:

- An officer or director who has an actual or potential conflict of interest with respect to a proposed action or transaction of the Organization shall not participate in any way or be present during the deliberations and decision making of the Organization with respect to

such action or transaction. The Covered Person may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.

- The disinterested members of the Board may approve the proposed action or transaction upon finding that it is in the best interests of the Organization. The Board shall consider whether the terms of the proposed action or transaction are fair and reasonable to the Organization and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an Interested Party.
- Approval by the disinterested members of the Board shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. A director who has an actual or potential conflict of interest with respect to a proposed action or transaction of the Organization shall not be counted for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of directors in attendance.
- The minutes of the meeting shall reflect that the conflict of interest disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the Covered Person.

VI. Violations of Conflict of Interest Policy

If the Board of Directors has reason to believe that a Covered Person has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board determines that the Covered Person has in fact failed to disclose an actual or possible conflict of interest, it shall take such disciplinary and corrective action as it deems necessary and appropriate, in its discretion.

GLOSSARY

“Affiliate” – means any entity for which the Organization directly or indirectly has the right to elect, appoint, or otherwise approve a majority of the governing body of the entity.

“Business Transaction” – includes, but is not limited to, contracts of sale, lease, license and performance of services, whether initiated during the Organization’s tax year or ongoing from a prior year. Business Transactions also include joint ventures in which either the profits or capital interest of the Organization and you (or other interested person) each exceeds 10%.

“Family Member” – means a spouse, domestic partner, ancestor, sibling, children or other descendants or spouse or domestic partner of a sibling, child, grandchild or great grandchild of a Covered Person.

“Key Employee” – An employee of the Organization who has been designated as such on attached Schedule A to the attached Conflict of Interest Disclosure Form.

“Material Financial Ownership or Management Interest” – Those relationships described in the Conflict of Interest Disclosure Form attached hereto as Appendix A.

“Officer” – A person designated as an officer by state law or the Organization’s organizational documents (or Board resolutions), and the top management official & top financial officer.

Creative Arts Workshops for Kids

FORM OF ANNUAL CONFLICT OF INTEREST DISCLOSURE STATEMENT

I have received and carefully read the Conflict of Interest Policy (the “*Policy*”) of **Creative Arts Workshops for Kids** (the “*Organization*”) and have considered not only the literal expression of the policy but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Organization’s Conflict of Interest Policy. Capitalized terms used but not defined herein have the meaning assigned in the Glossary of the Policy.

Except as otherwise indicated in this Annual Conflict of Interest Disclosure Statement and attachments, if any, below, I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of the Organization, nor does a *Family Member*, or an entity in which I or a *Family Member* holds directly or indirectly, a Material Financial Ownership or Management Interest (as defined in the Organization’s Conflict of Interest Policy) (all collectively referred to as an “*Interested Party*”) have any such actual or potential conflict of interest.

If any situation should arise in the future that I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the Organization’s Board President as applicable.

I further certify that the information set forth in this Annual Conflict of Interest Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information, and belief. I also certify that I commit to providing an updated form to the Organization’s Board President whenever a material change occurs in the information I have provided.

Signature _____

Printed Name _____

Date _____

The revised IRS annual information return for tax-exempt organizations (Form 990) requires organizations to disclose certain relationships, transactions, and arrangements that could result in conflicts of interest or affect the independent decision-making of the organization's governing body. To help us accurately complete the Organization's Form 990, please answer the questions contained in this conflict of interest disclosure statement.

Name: _____

Relationship to the **Organization**:

- | | |
|--|--|
| <input type="checkbox"/> Trustee or Director | <input type="checkbox"/> Trustee or Director within the last 5 years |
| <input type="checkbox"/> Officer | <input type="checkbox"/> Officer within the last 5 years |
| <input type="checkbox"/> Key Employee | <input type="checkbox"/> Key Employee within the last 5 years |

List all for-profit and non-profit boards of directors (or trustees) other than the **Organization** on which you serve now, or on which you served at any time during the most recently completed tax year of the organization:

1. EMPLOYMENT

(a) To the best of your knowledge, do you or any **Family Member** now, or did any of you at any time during the Organization's most recently completed tax year, receive compensation as a full or part-time employee of the **Organization** or an **Affiliate** thereof?

Yes () No () If yes, please describe.

(b) To the best of your knowledge, is your compensation now (from the **Organization**, an **Affiliate**, or any other entity), or was it at any time during the Organization's most recently completed tax year, determined by one or more individuals who are compensated by the **Organization** or an **Affiliate** thereof?

Yes () No () If yes, please describe.

2. INDEPENDENT CONTRACTOR To the best of your knowledge, do you or any **Family Member** now, or did any of you at any time during the Organization's most recently completed tax year, receive compensation as an independent contractor from the **Organization** or an **Affiliate** thereof?

Yes () No () If yes, please describe.

3. OTHER FINANCIAL ARRANGEMENTS

(a) To the best of your knowledge, did the **Organization** engage in any **Business Transaction** during the Organization's most recently completed tax year with an entity (other than a tax-exempt organization or a governmental unit or instrumentality) for whom you or a **Family Member** was serving at the time of the transaction as (i) an **Officer**, (ii) a director, (iii) a trustee, (iv) a key employee, or a partner or member (or shareholder in a professional corporation) with a more than 5% ownership interest (including ownership by a **Family Member**)?

Yes () No () If yes, please describe.

(b) To the best of your knowledge, during the Organization's most recently completed tax year did the **Organization** engage in any **Business Transaction** with any entity that is more than 35% owned (or more than 35% controlled, if a nonprofit corporation), directly or indirectly, individually or collectively, by (i) you or one of your **Family Members** and (ii) one or more other people who was an **Officer**, director, trustee, or **Key Employee** of the **Organization** within the past five years or a **Family Member** of any of those other people?

Yes () No () If yes, please describe.

4. FAMILY RELATIONSHIPS: To the best of your knowledge, are you now, or were you at any time during the most recently ended tax year of the Organization a **Family Member** of any of the directors, trustees, **Officers**, or **Key Employees** of the **Organization**?

Yes () No () If yes, please describe.

5. OTHER BUSINESS RELATIONSHIPS. To the best of your knowledge, do you or a **Family Member** now, or did you or a **Family Member** at any time during the Organization’s most recently completed tax year, have one of the following “business relationships” with any other director, trustee, **Officer** or **Key Employee** of the **Organization**?

(a) Any such person is employed by any such other person individually or by an entity for whom such other person is a director, trustee, officer, key employee, or a greater-than- 35% owner;

(b) Any such person is transacting business with such other person (other than in the ordinary course of either party’s business on the same terms as are generally offered to the general public), directly or indirectly (indirectly meaning transactions with an organization for whom the person is a director, trustee, officer, key employee, or greater than 35% owner), in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the Organization’s tax year (other than charitable contributions to tax-exempt organizations); or

(c) Any two of such people are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity (other than the same tax-exempt organization).

Ownership is measured by stock ownership (either voting or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

Privileged Relationship Exception – For purposes of this question, a business relationship does not include a relationship between an attorney and client, a medical professional (including a psychologist) and patient, or a priest/clergy and penitent/communicant.

Yes () No () If yes, please describe.

6. LOANS: To the best of your knowledge, was there outstanding at any time during the Organization’s most recently completed tax year a loan, advance, or any amount receivable, between the **Organization** and you, a **Family Member**, or any entity more than 35% owned or controlled by you or such **Family Member**, but not advances under an accountable plan, outstanding charitable pledges, and receivables created in the ordinary course of business of the Organization on terms available to the public?

Yes () No () If yes, please describe.

7. GRANTS. To the best of your knowledge, have you, a *Family Member*, or any entity more than 35% owned by you or a *Family Member*, received during the Organization's most recently completed tax year from the Organization any grant, award, or other non-compensatory benefits of any amount, including the provision of goods or services, or the use of facilities? (Grants include scholarships, fellowships, internships, prizes and awards, and the gift portion of a part-sale, part-gift transaction).

Yes () No () If yes, please describe.

8. TERRORIST ACTIVITY

To your knowledge, have you provided financial, technical, in-kind, or material support or resources to any individual or entity, or agent thereof, that advocates, plans, sponsors, engages in, or has engaged in terrorist activities, including but not limited to those listed on the Office of Foreign Assets Control (OFAC) and the Specially Designated Nationals And Blocked Persons List (SDN).

Yes () No () If yes, please describe.

9 INTEGRITY

(a) Within the past five (5) years have you had a revocation, suspension or disbarment of any business or professional permit and or license?

Yes () No () If yes, please describe.

(b) Within the past five (5) years have you been the subject of an investigation, whether open or closed, by any government entity for a civil or criminal violation? If so, have you been the subject of an indictment, grant of immunity, judgment or conviction (including entering into a plea bargain) for conduct constituting a crime?

Yes () No () If yes, please describe.

(c) If you have the authority to sign, execute, or approve bids, proposals, contracts or supporting documentation for New York State, have you been subject to investigation, whether open or closed, by any government entity for any civil or criminal violation for any business related conduct within the last five (5) years Have you been subject to an indictment, grant of immunity, judgement or conviction of any business related conduct constituting a crime including, but not limited to fraud, extortion, bribery, racketeering, price fixing, bid collusion or any crime related to

truthfulness?

Yes () No () If yes, please describe.

SCHEDULE A

Key Employee – for purposes of this conflict of interest disclosure statement, a Key Employee of an organization is an employee of the organization (other than an officer or director) who meets ***all three*** of the following tests, applied in the order listed:

1. \$150,000 Test – receives reportable compensation from the organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the organization’s tax year.
2. Responsibility Test – the employee
 - a. has responsibilities, powers, or influence over the organization as a whole similar to those of officers or directors ;
 - b. manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or
 - c. has or shares authority to control or determine 10% or more of the organization’s capital expenditures, operating budget, or compensation for employees.
3. Top 20 Test – the employee is one of the 20 employees (that satisfy the \$150,000 Test and the Responsibility Test) with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization’s tax year.