

THE CHRISTIAN BROTHERS ACADEMY OF SYRACUSE, NEW YORK

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION POLICY

I. PURPOSE

It has been and shall continue to be the policy of The Christian Brothers Academy of Syracuse, New York (“CBA”), that all Trustees, all Officers, the President, the Principal, all Assistant Principals, all Directors, and other designated staff owe a duty of loyalty to CBA; must act in good faith towards CBA and in CBA’s best interests, rather than in their own interests or in the interests of another entity or person; and must comply with applicable legal requirements. They must avoid any conflict, or the appearance of conflict, between their personal or other interests and the interests of CBA. The purpose of this Conflict of Interest and Related Party Transaction Policy (this “Policy”) is to set forth procedures for monitoring, reporting, reviewing, and overseeing, and review, approval, or ratification of any action taken in connection with, conflicts of interest and related party transactions.

II. APPLICABILITY AND DEFINED TERMS

This Policy applies to any person (each, a “**Covered Person**” or “**you**”) who at any time during the past three (3) years was:

1. A Trustee of CBA or an “**affiliate**” (as defined below);
2. An officer of CBA or an **affiliate**;
3. A “**key employee**” (as defined below) of CBA or an **affiliate**;
4. A “**relative**” (as defined below) of any of the foregoing persons; and
5. Any other employee, volunteer, or independent contractor of, or substantial contributor to, CBA.

This Policy also applies to transactions or arrangement with an “**other related party**” (as defined below).

As used in this Policy:

An “**affiliate**” is a person who or entity which is, directly or indirectly through one (1) or more intermediaries, controlled by or in control of, CBA.

An “**independent Trustee**” is a member of the Board of Trustees (the “Board”) who: (i) is not, and has not been within the last three (3) years, an employee of CBA or an **affiliate**, and does not have a **relative** who is, or has been within the last three (3) years, a **key employee** of CBA or an **affiliate**; (ii) has not received, and does not have a **relative**

who has received, in any of the last three (3) of CBA's fiscal years (July 1-June 30), more than \$10,000 in direct compensation from CBA or an **affiliate** (not including expenses reasonably incurred as a Trustee or reasonable compensation for services as a Trustee); (iii) is not a current employee of, or does not have a substantial financial interest in, and does not have a **relative** who is a current officer of, or has a substantial financial interest in, any entity that has made payments to, or received payments from, CBA or an **affiliate** for property or services in an amount which, in any of the last three (3) of CBA's fiscal years, exceeds the lesser of (a) \$25,000 or (b) 2% of such entity's consolidated gross revenues (which payments do not include charitable contributions, dues, or fees paid to CBA for services which CBA performs as part of its nonprofit purposes); or (iv) is not, and does not have a **relative** who is, a current owner, whether wholly or partially, director, officer, or employee of CBA's outside auditor or who has worked on CBA's audit at any time during the past three (3) years.

A "**key employee**" is a person who is in a position to exercise substantial influence over CBA and may include, without limitation, a person who (i) is a substantial financial contributor to CBA, (iii) has or shares authority to control or determine a substantial portion of CBA's capital expenditures, operating budget, or compensation for employees, (iv) manages a discrete segment or activity of CBA that represents a substantial portion of the activities, assets, income, or expenses of CBA (as compared to CBA as a whole); (v) receives compensation primarily based on revenues derived from CBA's activities; and/or (vi) is highly-compensated by CBA (for example, receives annual compensation greater than \$75,000). People who qualify as "**key employees**" of CBA will be so notified by CBA.

An "**other related party**" is a **relative** of a **Covered Person** or an entity in which a **Covered Person** or **relative** of a **Covered Person** has a thirty-five percent (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 five percent (5%).

A "**relative**" is a (i) spouse or domestic partner (as defined in New York Public Health Law Section 2994-a), ancestor, child (whether natural or adopted), grandchild, great-grandchild, sibling (whether whole- or half-blood), or (ii) spouse or domestic partner of a child (whether natural or adopted), grandchild, great-grandchild, or sibling (whether whole- or half-blood).

III. CONFLICTS OF INTEREST

A conflict of interest arises whenever the interests of CBA come into conflict with a financial or personal interest of a **Covered Person**, or otherwise whenever a **Covered Person**'s personal or financial interest could be reasonably viewed as affecting his or her objectivity or independence in fulfilling his or her duties to CBA.

While it is not possible to describe or anticipate all of the circumstances that might involve a conflict of interest, a conflict of interest typically arises whenever a **Covered Person** or **other related party** has (directly or indirectly):

1. A direct or indirect interest (financial or otherwise) in a transaction, agreement, or any other arrangement in which CBA or any **affiliate** participates;
2. a compensation arrangement, or other interest in a transaction, with CBA;
3. a compensation arrangement or other interest in or affiliation with any entity that or individual who: (i) sells goods or services to, or purchases goods or services from, CBA; (ii) competes with CBA; or (iii) CBA has, or is negotiating, or is contemplating negotiating, any other transaction or arrangement with CBA;
4. the ability to use his or her position, or confidential information or the assets of CBA, to his or her (or an **affiliate**'s) personal advantage or for an improper or illegal purpose;
5. solicited or accepted any gift, entertainment, or other favor where such gift, entertainment, or other favor might create the appearance of influence on the **Covered Person** (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);
6. acquired any property or other rights in which CBA has, or the **Covered Person** or **other related party** knows or has reason to believe at the time of acquisition that CBA is likely to have, an interest;
7. an opportunity related to the activities of CBA, unless the Board has made an informed decision that CBA will not pursue that opportunity;
8. been indebted to CBA, other than for amounts due for ordinary travel and expense advances; or
9. any other circumstance that may, in fact or in appearance, make it difficult for the **Covered Person** to exercise independent, objective judgment or otherwise perform effectively.

IV. CONFLICT OF INTEREST DISCLOSURE AND QUESTIONNAIRE

You are required to disclose in good faith and in writing to the Executive Committee all material facts related to conflicts of interest (including those that implicate an **other related party** but no **Covered Person**)(including the nature of **your** or the **other related party**'s interest and information about any proposed transaction or other arrangement). Disclosures should be made in advance, before any action is taken on the matter. Conflict identification and analysis can be difficult and, therefore, **you** are at all times expected to err on the side of caution and disclose all instances where a conflict of interest or the appearance of a conflict exists, even if **you** do not believe that there is an actual conflict.

Each current Trustee, officer, and **key employee** of CBA, as well as nominees for election as Trustee (prior to their initial election), must submit to the Secretary of the Board or a designated compliance officer at least once per year (and updated as appropriate) a questionnaire substantially in the form set forth in the Appendix to this Policy. The Secretary or designated compliance officer shall provide copies of all completed statements to the Chair of the Board.

V. REVIEW AND APPROVAL

The Executive Committee will review all conflicts of interest and determine whether to approve or ratify any such matters. The Executive Committee may only approve the underlying matter if it determines that such matter, under the terms and within the circumstances and conditions presented, is fair, reasonable, and in the best interests of CBA at the time of such determination. In making its determination, the Executive Committee will consider, without limitation:

1. Alternative or comparable transactions to the extent available;
2. CBA's mission and resources;
3. The possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of, CBA (even if there is no actual conflict or wrongdoing); and
4. Whether the conflict may result in any private inurement, excess benefit transaction, or impermissible private benefit under laws applicable to tax-exempt organizations.

If the potential conflict of interest pertains to compensation for services or the transfer of property or other economic benefit to a **Covered Person** or **other related party**, then the Executive Committee must determine that the value of the economic benefit provided by CBA to the **Covered Person** or **other related party** does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data prior to entering into the transaction. When considering the comparability of compensation, for example, the types of relevant comparability data which the Executive Committee may consider include, but are not limited to, (i) compensation levels paid by similarly-situated organizations, both exempt and non-exempt from taxation; (ii) the availability of similar services within the same geographic area; (iii) current compensation surveys compiled by independent firms; and (iv) 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, (x) current independent appraisals of the property, and (y) offers received in a competitive bidding process.

The approval of any matter that is the subject of this Policy shall require the approval of at least a majority of the members of the Executive Committee present and voting at the meeting.

Persons with an interest in any matter under review by the Executive Committee are not permitted to be present at or participate in any deliberations or voting by the Executive Committee with respect to the matter giving rise to the potential conflict, and must not attempt to influence improperly the deliberation of and/or the voting on such matter. In appropriate circumstances, any such person may be called upon to provide background information relevant to the determination or to answer questions at a meeting of the Executive Committee prior to the commencement of deliberations or voting related thereto.

If CBA and/or a **Covered Person** or **other related party** in error enters into or otherwise participates in a conflict of interest transaction that requires pre-approval by the Executive Committee pursuant to this Policy, then upon discovery of such error such transaction shall promptly be presented to the Executive Committee for its review and the Executive Committee shall consider, if appropriate, whether to (i) ratify such transaction; (ii) direct the rescission or modification of the transaction; (iii) take any disciplinary action; and/or (iv) make changes to CBA's controls and procedures in connection with such error.

VI. RECORDS

The minutes of the Executive Committee meeting during which a potential or actual conflict of interest is disclosed or discussed shall be documented contemporaneously with the meeting and reflect the name of the interested **Covered Person** or **other related party**; the nature of the conflict; details of the deliberations of the **independent Trustees** (such as documents reviewed, any alternatives or comparable transactions considered, comparative costs or bids, market value information, and other factors considered in deliberations); and the resolution of the conflict, including any ongoing procedures to manage any conflict that was approved. The interested person shall be informed of the final decision only and not of a particular Trustee's position or how any Trustee voted.

VII. COMPLIANCE

If the Executive Committee has reasonable cause to believe that a **Covered Person** has failed to comply with this Policy, then it may make such further investigation as may be warranted in the circumstances and if it determines that a **Covered Person** has failed to comply with this Policy, it shall take appropriate action which may include removal of the **Covered Person** from office or termination of employment.

VIII. POLICY DISTRIBUTION

A copy of this Policy will be distributed to each **Covered Person** promptly following the adoption of or amendments to this Policy, and at such time as a person becomes a **Covered Person**. This Policy will also be posted on CBA's website.

IX. POLICY ADOPTION AND OVERSIGHT

The Board of Trustees is responsible for providing oversight of the adoption and implementation of, and compliance with, this Policy. Only **independent Trustees** can participate in any deliberations or vote on matters relating to this Policy.

This Conflict of Interest and Related Party Transaction Policy was adopted by the Trustees on _____.