

BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY

Please read the policy below. This policy is designed to both safeguard the best interests of PEACE, Inc. a Community Action Agency ("CAA"), and to comply with various state and federal laws, such as the Internal Revenue Code and the Head Start Act, governing conflicts of interest and ethics. Due to differing requirements of these laws, some transactions are outright prohibited and others may be permitted, but only under certain circumstances described below.

PEACE, Inc. is committed to maintaining the highest level of integrity and the highest standards of ethical conduct in all of its activities and dealings. It is important for PEACE, Inc. directors, officers, and employees to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in course of conducting the affairs of the organization and that the appearance of conflict can be troublesome even though there is in fact no legal conflict of interest.

The purpose of the Conflict of Interest policy is to provide guidance to PEACE, Inc. directors, officers, and employees so that PEACE, Inc. can maintain the highest level of integrity and the highest standards of ethical conduct.

Generally speaking, a conflict of interest is a situation in which a PEACE, Inc. Board Member or one of his or her family members has a personal or financial interest that compromises or could compromise the Board Member's independence of judgment in exercising his or her responsibilities to PEACE, Inc. A conflict of interest also includes an interest in a Related Party Transactions, as defined herein

CAA Board Members are expected to minimize conflicts of interest, disclose ethical, legal, financial and other conflicts, and remove themselves from decision-making if they would otherwise be called on to act on a conflict involving themselves, their family members or entities with which they or their family members are closely associated.

If you have any questions, you may contact Judge James H. Cecile, Board President or Carolyn D. Brown, Executive Director. After you have completed reading this document, please list any information that is required to be disclosed by the policy, sign it, and return it to Judge James H. Cecile.

DEFINITIONS:

Affiliate - Any entity controlled by PEACE, Inc., in control of PEACE, Inc. or under common control of PEACE, Inc.

Financial Interest means (i) a material financial interest in the purchase, sale, rental, contract, lease, loan, or other transaction, including commission or fee, share of proceeds, prospect of promotion, profit participation or any other material financial reward; and/or (ii) any of the following interests in or associations with an entity providing or receiving such goods, space, services, loans, or grants:

- Sole ownership, or ownership of 5% or more stock;
- Partnership of 5% or more or beneficial interest of 5% or more; or
- Employee or independent contractor, if his or her position at or compensation from the entity is determined by revenues from or business with PEACE, Inc.

Immediate Family includes:

- Spouse
- Parent
- Child (including adopted)
- Sibling
- Father-in-law, Mother-in-law
- Brother-in-law, Sister-in-law
- Son-in-law, Daughter-in-law

Key Employee - Any person in a position to exercise substantial influence over the affairs of PEACE, Inc., such as the president, vice president, or any designee of such officer who is in a position to influence substantive business decisions of PEACE, Inc.

Relative - the spouse, domestic partner, parents, grandparents, great-grandparents, children, grandchildren, great-grandchildren, sibling, half-sibling, or the spouse of any of the above.

Related Party - A Related Party includes:

- (1) Any director, officer or Key Employee of PEACE, Inc. or an Affiliate;
- (2) A Relative of a director, officer or Key Employee of PEACE, Inc. or an Affiliate;
- (3) Any entity in which an individual listed in (1) or (2) above has at least a 35% ownership or beneficial interest; and
- (4) A partnership or professional corporation in which an individual listed in (1) or (2) above has a greater than 5% interest.

Related Party Transaction - An arrangement in which a Related Party has a financial interest and PEACE, Inc. or an Affiliate is a participant.

IMPORTANT NOTE: This policy does not require the disclosure of assistance or services provided by PEACE, Inc. to Board members or their Immediate Family members, such as Head Start, if such individuals are not given preference in obtaining such assistance or services and they are provided on similar terms as for any other applicant for PEACE, Inc. programs.

1. No member of the Board of Directors of PEACE, Inc., can act or speak solely on behalf of PEACE, Inc. All communication or expressed opinions to the public on behalf of PEACE, Inc. and the Board must be **only** with the consent and authority of the Board of Directors.
2. **Related Party Transactions.** Except as set forth in Section 9 hereof, no member of the Board of Directors of PEACE, Inc. a Community Action Agency, ("CAA"), or a Related Party may have a Financial Interest in any arrangement, including the purchase, sale, contract for, rental, or lease of goods, space or services, or any other transaction, including loans and grants, in which PEACE, Inc. or its Affiliate is a participant.
3. **Employment and compensation.** No PEACE, Inc. Board member, nor a member of his or her Immediate Family, as defined above, shall be an employee of PEACE, Inc. nor use inside knowledge of information to secure employment or services of PEACE, Inc.

No PEACE, Inc. Board member may be compensated for his or her regular service on the PEACE, Inc. Board of Directors or for providing services to PEACE, Inc. However, Board members may be reimbursed for actual reasonable, necessary, and documented expenses incurred, consistent with policies adopted by the Board of Directors.

4. **Participation in Contracts:** Board Members shall not participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the Board Member, any of his or her Immediate Family Members, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, is or has a financial or other interest in the individual or firm selected for the award.
5. **Gifts to Board members.** PEACE, Inc. Board members are prohibited from soliciting or accepting gifts, money, or gratuities, other than those of nominal value, from:
 - Persons receiving benefits or services under any PEACE, Inc. program;
 - Persons or organizations performing services for or providing goods or space to PEACE, Inc.; or
 - Persons who are otherwise in a position to benefit from the actions of a PEACE, Inc. employee, officer, or Director.

“Nominal value” is \$25 or less per instance and \$100 or less per calendar year.

6. **Federal Employees:** Board Members who are federal employees are prohibited from serving in any capacity that would require them to act as an agent of or attorney for PEACE, Inc. in its dealings with any federal government departments or agencies.
7. **Use of PEACE, Inc. Services, Property or Facilities for Personal Purposes**
No director, officer, or employee shall make use of PEACE, Inc.’s services, property or facilities for any purpose that is not related to PEACE, Inc.’s purposes.
8. **Political Activities**
No directors, officer, or employee of PEACE, Inc. in the name of PEACE, Inc. or under the color of the official capacity or authority of PEACE, Inc. shall:
 - a) participate or become actively involved in any political campaign or in any other type of political activity, or
 - b) provide financial support for, or make contributions to or for the benefit of any political candidate, political party, or political action committee or provide financial support for or make contributions in support of any other political objective.

Notwithstanding the foregoing, PEACE, Inc. recognizes that each of its directors, officers, and employees has the right as a citizen to become involved in his or her individual capacity in the political process in New York and on a national and local basis. Any such participation or involvement by any person in a political campaign or other type of political activity or any contribution to or any other financial support of a political candidate or any other type of political contribution or support shall only be carried on or provided in an individual capacity.

9. **Disclosures required by law.** PEACE, Inc. is required to disclose to the state and federal governments certain information concerning Related Party Transactions and other conflicts of interest. Prior to initial election, and annually thereafter, Board members must disclose any potential conflicts of interest, including interests in a Related Party Transaction, according to the form provided at the end of this Policy. The

Secretary shall provide a copy of all forms to the Chair of the Board. Information to be disclosed includes the following:

- Has PEACE, Inc. or an Affiliate made a grant award or contribution to any organization with which its Board members have a relationship?
- Do any PEACE, Inc. Board members have a family or business relationship with any other PEACE, Inc. Board member?
- Do any PEACE, Inc. Board members have a family or business relationship with any PEACE, Inc. employee?

- *A "business relationship" does not include a relationship between (1) attorney and client, (2) medical professional (including psychologist) and patient, or (3) priest/clergy and penitent/communicant.*

- Are any PEACE, Inc. Board members, either personally, through family members, or through entities with which they are associated, involved in, or do they intend to become involved in, any other transactions or relationships with PEACE, Inc., its subsidiaries or delegate agencies (other than as an PEACE, Inc. Board member) that are not mentioned elsewhere in this policy?

- *Here are some examples of situations you should disclose (these are in addition to disclosures required elsewhere in this policy):*

1. You are a board member of a nonprofit organization that receives funding from PEACE, Inc.
2. You are a board member of a nonprofit organization that provides funding to PEACE, Inc., or other Community Action Agencies.
3. You or a family member is an employee of a business or organization that receives revenue or funding from PEACE, Inc. or other Community Action Agencies.
4. Your grandchild is a vendor, or has an ownership interest in, a vendor with which PEACE, Inc. does business.

10. Continued disclosure obligation and disclosure of other potential conflicts of interest. If, after signing this policy, a PEACE, Inc. Board member becomes involved, or intends to become involved, in a Related Party Transaction", employment, compensation, or gift arrangement, as defined under Paragraphs 2 through 8 above, or becomes aware of such an existing transaction or status, the Board member must promptly notify the PEACE, Inc. Chairperson.

11. Procedure for addressing Related Party Transactions. The following process should be followed for all Prohibited and Related Party Transactions:

- (a) After disclosure of an actual or potential Financial Interest in, and all material facts relating to, a proposed Related Party Transaction, an *ad hoc* committee (the "Review Committee") of Board members composed entirely of individuals who have no involvement with any proposed transaction, who are appointed by the Chairperson and approved by the Board of Directors (exclusive of the director with the conflict of interest), shall review, in consultation with the PEACE, Inc. Executive Director, the terms of the proposed transaction.

- (b) The Review Committee shall first determine, with the advice of legal counsel, if necessary, whether the transaction at issue would constitute a Related Party Transaction as set forth in Paragraph 2 hereof.
- (c) If the Review Committee determines that the transaction is a Related Party Transaction, the Review Committee shall determine whether PEACE, Inc. can obtain an advantageous transaction or arrangement with reasonable effort, which would not result in a Related Party Transaction. The Review Committee shall contemporaneously document the basis for its consideration and determination of any alternative transaction, and shall, if applicable, recommend such alternate transaction to the full Board.
- (d) If the Review Committee determines that a more advantageous transaction or arrangement is not possible under the circumstances, the Review Committee shall determine by a majority vote, whether the Related Party Transaction is in the best interest of, and is fair and reasonable to, PEACE, Inc. If the Review Committee determines that the Related Party Transaction is in the best interest of PEACE, Inc., the Review Committee shall recommend such transaction to the full Board for approval. If the Review Committee determines that the Related Party Transaction is not in best interests of PEACE, Inc., such transaction shall be deemed abandoned.
- (e) All transactions recommended to the full Board by the Review Committee may be approved or rejected by a majority of the directors, exclusive of any director(s) with a conflict of interest. The existence and resolution of any conflict shall be documented in the Board meeting minutes where the conflict was discussed or voted upon.
- (f) No person with a conflict of interest may be present at, or participate in a Board or Review Committee deliberation or vote on the matter giving rise to a conflict of interest, nor shall such person attempt to improperly influence and Board or Review Committee deliberation or vote on such transaction.

12. Compliance with Conflict of Interest Policy— Each officer, director, employee and volunteer shall receive a copy of the Conflict of Interest Policy. Each person shall be required to complete the disclosure statement and also shall certify that he or she has read the Conflict of Interest Policy and agrees to comply with all standards and requirements set forth herein.

CONFLICT OF INTEREST DISCLOSURE FORM

This form shall be completed upon initial appointment, annually thereafter by individuals who serve, or during the past year have served, as an officer, key employee or member of the Board of Directors of PEACE Inc.. or any of its affiliated entities (as defined below). By completing this COI form, you are showing ethical behavior and attentiveness to good business judgment in a transparent manner. You are also complying with laws that relate to the organization's not-for-profit and tax-exempt status and filing of the IRS Form 990.

DEFINITIONS:

Relative - defined by law as a spouse or domestic partner, and parents, grandparents, great-grandparents, children, grandchildren, great-grandchildren, siblings, half-siblings, or the spouse or domestic partner of any of the foregoing.

INSTRUCTIONS:

Please answer the following questions, to the best of your knowledge, as they may apply to you or any of your relatives, and as they apply currently or in the past three (3) years. Attach additional explanation page(s) as needed. Forward any questions you have to Carolyn D. Brown, Executive Director.

1. Do you or any of your relatives hold, or have you or a relative held, any position as an owner, shareholder, member, manager, partner, director, trustee, officer, key employee or consultant for a business entity that has done business, is doing business or seeks to do business with PEACE, Inc. or any of the affiliated entities?

No

YES

IF YES, PLEASE EXPLAIN:

2. Except as stated in your answer to Question 1, do you or any relative have, or have you or a relative had, a business, financial or employment relationship with, or any other interest in, any business entity that has done business, is doing business or seeks to do business with any of the affiliated entities?

No

YES

IF YES, PLEASE EXPLAIN:

3. Except as stated in your answer to Questions 1 and 2, have you or any relative received or enjoyed, directly or indirectly, any gift, entertainment, compensation, reward, or other benefit during the past year from any business entity that has done business, is doing business or seeks to do business with any of the affiliated entities?

No

YES

IF YES, PLEASE EXPLAIN:

4. Are you or any of your relatives an owner, director, officer or employee of any auditing or accounting firm that has worked on the audits of PEACE, Inc. or any of the affiliated entities at any time during the past three (3) years?

No

YES

IF YES, PLEASE EXPLAIN:

5. Do you have a relative who currently or in the past three (3) years has been an employee of PEACE, Inc. or the affiliated entities with direct compensation in excess of \$10,000.00?

No

YES

IF YES, PLEASE EXPLAIN:

6. Have you, or has any relative received a loan, or do you or any relatives owe any outstanding amount on a loan, or received or enjoyed, directly or indirectly, any gift, grant or other assistance from PEACE, Inc. or any of the affiliated entities?

No

YES

IF YES, PLEASE EXPLAIN:

7. Do you have a family relationship or a business relationship with any other individual who is an officer, board member or key employee of PEACE, Inc. or any of the affiliated entities?

No

YES

IF YES, PLEASE EXPLAIN:

ACKNOWLEDGEMENT:

I hereby acknowledge that I have received a copy of PEACE, Inc.'s Conflict of Interest policy and that I have read, understand and agree to comply with said policy. I have read this conflict of interest disclosure form and answered the questions to the best of my knowledge. I understand that I have an affirmative obligation at all times to report any changes in my responses that may result from changes in circumstances before my next annual disclosure is due.

By signing here, I acknowledge that I have read and agree to abide by this policy and (check one):

_____ am not, to the best of my knowledge, a participant in any Related Party Transaction, employment, compensation, gifts, or any other transactions or relationships required to be disclosed by this policy; or

_____ have, to the best of my knowledge, disclosed below any Related Party Transaction, employment, compensation, gifts, and any other information required to be disclosed by this policy.

Disclosures are required prior to initial election of any Board member, and annually thereafter on September 1 of the year preceding the year the Board member signs this policy.

Signature

Print Name

Date