

FINKELSTEIN MEMORIAL LIBRARY CONFLICT OF INTEREST POLICY

ARTICLE I - PURPOSE:

The purpose of this policy (the "Policy") is to protect the interests of the Finkelstein Memorial Library (the "Library") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Trustee/Director, Officer, or Key Employee

of the Library, as defined herein. The Library will not enter into any such transaction or arrangement unless it is determined by the Library's Board of Trustees (the "Board"), in the manner described below, to be fair, reasonable, and in the best interests of the Library 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.

ARTICLE 2 - RELATED PARTY TRANSACTIONS AND DUTY TO DISCLOSE:

A Related Party Transaction, as defined herein, is not necessarily a prohibited transaction. Under this Policy, if the Library contemplates entering into a Related Party Transaction, the Board must determine if the transaction is fair, reasonable, and in the best interests of the Library at the time of such determination.

If at any time during his or her term of service, a Related Party (as defined herein) acquires any Financial Interest (as defined herein), and/or when any matter for decision or approval

comes before the Board in which a Related Party has a Financial Interest, any such Financial Interest and/or potential Related Party Transaction must be promptly disclosed in writing to each member of the Board, together with all material facts. The Board will then follow the procedures set

forth in this Policy. The failure to disclose to the Board a known Financial Interest and/or a known

potential Related Party Transaction, may be grounds for removal from the Board and/or the termination of employment (if applicable).

ARTICLE 3 - DISCLOSURE AND VOTING:

Disclosure:

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

Non-Participation and Review:

All transactions, agreements or any other arrangements between the Library and a Related Party, and any other transactions which may involve a potential conflict of interest,

shall be reviewed by the Board. All Related Parties with a Financial Interest shall leave the room in which such deliberations are conducted. The Board will then determine whether the contemplated

Related Party Transaction is fair, reasonable, and in the best interests of the Library at the time of such determination. The Library will not enter into any Related Party Transaction unless it is determined to be fair, reasonable, and in the best interest of the Library at the time of such determination.

Consideration of Alternate Transactions and Comparability Data:

If the contemplated Related Party Transaction pertains to compensation for services, the transfer of property, or other economic benefit to a Related Party, the Board must determine that the value of the economic benefit provided by the Library 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, a transfer of property, or benefits to a Related Party, the Board must consider alternative transactions, to the extent possible, prior to entering into any such transaction.

When considering the comparability of compensation, the types of relevant Comparability Data which the Board may consider include, but are not limited to: (a) compensation

levels paid by similarly situated organizations, both exempt and non-exempt; (b) the availability of

similar services within the same geographic area; (c) current compensation surveys compiled by independent firms; and (d) 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: (a) current, independent appraisals of the property;

and (b) offers received in a competitive bidding process.

Voting:

The Board shall, after considering alternate transactions and/or comparability data, determine in good faith by vote of the Board whether the transaction or arrangement is fair, reasonable, and in the best interest of the Library at the time of such decision. The transaction shall be approved by not less than a majority vote of the Board 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 in connection

with this Policy.

Any Related Party 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. No Related Party shall vote, act, or attempt to influence

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improperly the deliberations on any matter in which he or she has been determined by the Board

to have a Financial Interest. Any attempt by a Related Party to vote, act, or improperly influence deliberations on any matter with which such person has a Financial Interest may be grounds for removal from the Board and/or the termination of employment (if applicable).

Compensation:

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

A voting member of the Board or of any Committee whose jurisdiction includes compensation matters, and who receives compensation from the Library, directly or indirectly, either individually or collectively, is not prohibited from providing information to the Board or to any

Committee regarding compensation.

ARTICLE 4 - AUDIT OR OTHER COMMITTEE REVIEW:

The Board may delegate to an Audit or other Committee, which shall be composed solely of Independent Trustees, the adoption, implementation of and compliance with this Policy.

The Board may delegate to the Audit or other Committee the review and approval of any Related

Party Transaction involving a Related Party and the Library, 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.

If the Board delegates the review and approval of Related Party transactions to a Committee, all references to the 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. Notwithstanding anything to the contrary stated or contained herein, the Board reserves full discretion and authority to retain jurisdiction to review and approve any and all Related

Party Transactions and to adopt, implement and effectuate compliance with this Policy.

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:

1. 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 existence and nature of the potential or actual Financial Interest and/or conflict of interest, any action taken to determine whether a Financial Interest and/or conflict of interest exists, and the Board's decision as to whether

a Financial Interest and/or conflict of interest exists.

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2. The names of the persons who were present for deliberations and votes relating to any determinations under this Article, including whether the Related Party, and any Trustees who

are not considered to be Independent Trustees, left the room during any such discussions, the content of such deliberations, including consideration of alternative transactions, and whether or not the transaction with the Related Party was approved by the Board.

3. The Minutes shall document contemporaneously the deliberations and determination regarding any Financial Interest or conflict of interest.

ARTICLE 6 - INITIAL AND ANNUAL WRITTEN DISCLOSURES:

Prior to the initial election of any Trustee to the Board, or prior to the employment by the Library of an Officer or Key Employee, and thereafter on an annual basis, all Trustees, Officers, and Key Employees shall disclose in writing to the Clerk of the Board:

(a) Any Financial Interest such person may have in any Related Party Transaction, including any transaction with a Library, organization, partnership or other entity which provides professional or other goods or services to the Library for a fee or other compensation; and

(b) Any entity in which such person or a Relative of such person has a Substantial Financial Interest and with which the Library has or is considering a Related Party Transaction.

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

ARTICLE 7 - ANNUAL STATEMENTS:

Each Trustee, Officer, and Key Employee shall sign and submit annually to the Clerk of the Board a statement which affirms that such person: (a) has received a copy of this Policy;

(b)

has read and understands this Policy; and (c) has agreed to comply with this Policy.

ARTICLE 8 - DEFINITIONS:

1. Affiliate. An affiliate of the Library 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 Library .

2. Board of Trustees. The body responsible for the management of the Library .

3. Trustee or Director. Any voting or non-voting member of the governing board of a Library, whether designated as a Trustee, director, manager, governor, or by any other title.

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4. 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 Library. As used herein, the term "Substantial Financial Interest" includes all forms of direct or indirect financial interests, which in the discretion

of the Board constitutes a substantial interest, given due consideration to the material facts and circumstances of the interest as disclosed to the Board.

5. Independent Trustee. A member of the Board of Trustees who:

(a) Is not and has not been an employee of the Library or of an Affiliate of the Library within the last three years;

(b) Does not have a Relative who has been a Key Employee of the Library or an Affiliate of the Library within the last three years;

(c) Has not received and does not have a Relative who has received more than \$10,000 in compensation directly from the Library or an Affiliate of the Library in any of the last three fiscal years (other than reimbursement for expenses reasonably incurred as a Trustee

or reasonable compensation for services as a Trustee as permitted by the Nonprofit Revitalization

Act of 2013);

(d) Does not have a substantial Financial Interest in and is not a current employee of, and does not have a Relative who has a substantial Financial Interest in or who is a current Officer of, any entity that has made payments to or received payments from, the Library or an Affiliate of the Library for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of: (i) \$25,000 or (ii) 2% of the Library's consolidated gross revenues. For purposes of this definition, "payment" does not include charitable contributions;

(e) 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;

(f) 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 a Trustee.

6. Key Employee. A Key Employee is a person who is or who has been in a position to exercise substantial influence over the affairs of the Library. This includes, but is not limited to:

(a) Voting members of the Board;

(b) Presidents, chief executive officers, chief operating officers, or an employee of any other title with similar responsibilities;

(c) Treasurers and chief financial officers, or an employee of any other title with similar responsibilities; or

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(d) 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 Library.

7. Officer. A person who has the authority to bind the Library as designated in the bylaws of the Library.

8. Related Party. Persons who may be considered a Related Party of the Library or an Affiliate of the Library under this Policy include:

(a) Trustees, Officers, or Key Employees of the Library or an Affiliate of the Library;

(b) Relatives of any Trustee, Officer, or Key Employee;

(c) Any entity in which a person identified in Article 8, Section 8(a) or 8(b), has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional Library, a direct or indirect ownership interest in excess of 5%;

(d) Founders of the Library;

(e) Substantial contributors to the Library (within the current fiscal year or the past five fiscal years);

(f) Persons owning a controlling interest (through votes or value) in the Library;

(g) Any non-stock entity controlled by one or more Key Employees.

9. Related Party Transaction. Any transaction, agreement, or any other arrangement in which a Related Party has a Financial Interest, and in which the Library or any Affiliate of the Library is a participant. Any Related Party Transaction will be considered a conflict of interest for purposes of this Policy.

10. 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.

11. Conflict of Interest. A situation or set of circumstances in which a person is in a position to derive a personal benefit, whether financial or otherwise, from actions or decisions

made in their official capacity or by virtue of their connection or relationship to a person in an official capacity.

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In the event of any conflict between the definitions set forth herein and the New York Nonprofit Revitalization Act of 2013 (the “Act”), including any amendment thereto, the definitions set forth in the Act shall control.

Adopted by the Library’s Board of Trustees
at its meeting held on _____, 20__

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