

# **Prospect Park Alliance, Inc.**

## **Conflict of Interest Policy**

### **1. General Statement**

Prospect Park Alliance, Inc. (the "Alliance") is organized and operated exclusively for charitable purposes. No individual or entity shall use any position in or relationship with the Alliance to secure any wrongful profit or inurement. The purpose of this policy is to help prevent any such inurement, and to ensure that appropriate safeguards are in place if and when the Alliance transacts business with certain related parties.

### **2. Definitions**

- 2.1** "Directors" are individuals serving on the Board of Directors of the Alliance.
- 2.2** "Officers" are individuals elected or appointed as officers of the Alliance pursuant to Article III of the Alliance's By-laws.
- 2.3** "Executive Employees" include the chief financial manager and each employee with managerial responsibility for a substantial portion the Corporation's activities, assets, income or expenses, as identified by the Finance Committee from time to time.
- 2.4** "Other Highly Compensated Employees" include the top five highest-paid employees, other than Executive Employees, whose respective compensation from the Corporation and all related organizations is greater than \$100,000 per year.
- 2.5** "Key Persons" include the following:
- A.** Directors and Officers;
  - B.** Executive employees;
  - C.** Other Highly Compensated Employees; and
  - D.** Such other persons as the President or the Chair may identify.
- 2.6** "Disqualified Persons" include the following:
- A.** Key Persons;
  - B.** Any donor who has contributed more than 2% of the total contributions and bequests received by the Alliance during the current fiscal year;
  - C.** Family members of any individual described in 2.5 A or B, including any sibling, ancestor or descendant, or the spouse of any sibling, ancestor or descendent;
  - D.** Entities in which any combination of persons described in 2.5 A through C own or control more than 35% of the voting power or beneficial interest;
  - E.** Any other individuals or entities in a position to exert substantial influence over the affairs of the Alliance; and

- F. Any individual or entity that was described in 2.5 A through D at any time during the previous five fiscal years.

### **3. Annual Conflicts Questionnaire; Ongoing Duty to Disclose**

- 3.1** Each Key Person shall complete a conflict of interest questionnaire upon assuming such status, and annually thereafter for so long as he or she maintains such status. The Finance Committee shall adopt a form of questionnaire for this purpose, and may amend that form from time to time at its discretion.
- 3.2** Each Key Person shall promptly advise the President, or the President's delegate, of any new or newly discovered facts or circumstances relevant to the answers provided in that Key Person's last completed conflict of interest questionnaire.
- 3.3** All disclosures of interests in completed questionnaires or subsequent advice, unless clearly irrelevant or immaterial, shall be compiled and reported by management to the Finance Committee, together, in each case, with the response or recommendation of management. The Finance Committee shall determine in each case whether the recommended resolution is satisfactory and, if not, shall take such further action as it deems appropriate.

### **4. Transactions with Disqualified Persons**

- 4.1** The Alliance shall not enter any transaction with any Disqualified Person, unless all of the following conditions have been met.
- A.** The terms of the transaction are approved in advance by an authorized body of the Alliance composed entirely of individuals who do not have any personal interest in the transaction. For example, if the approving body is the Board of Directors, and a Director has a personal interest in a proposed transaction, then that Director must excuse himself or herself from the Board's discussion and vote on the proposed transaction. That Director may, however, appear before the Board to answer questions about the transaction.
- B.** The approving body obtains and relies upon appropriate data as to comparable transactions, made by similarly situated organizations, prior to making its determination.
- C.** The approving body determines that (in the case of compensation for services) the consideration to be paid by the Alliance is no more than reasonable consideration for services to be rendered to or on behalf of the Alliance, or (in the case of compensation for the transfer or use of property) the consideration to be paid by the Alliance is no more than fair market value for the property to be transferred to or used by the Alliance, or used by another party in exclusive furtherance of Alliance purposes.
- D.** The approving body documents its basis for determining that the transaction is fair and reasonable, and for approving the transaction, at the time it approves the transaction. Such documentation shall include (i) the terms approved, (ii) the names of those individuals who participated in the discussion and vote on the transaction, (iii) the names of any individuals who were recused from the discussion and vote, (iv) the compara-

bility data obtained and relied upon, and (v) if the approved terms differ materially from those of the obtained comparability data, an explanation of the approving body's determination that the transaction was nevertheless appropriate.

#### **5. Administration of Contracts**

No Key Person shall participate (on behalf of the Alliance) in the administration or oversight of any contract or business relationship in which that individual has a material personal interest.

#### **6. Acceptance of Gifts or Entertainment**

No Key Person shall accept gifts or entertainment from persons dealing with the Alliance when such gifts or entertainment might be considered by an objective observer to have the potential for influencing the Key Person in his or her conduct of the business of the Alliance. Gifts of money are never permissible. This Section 6 is not intended to prohibit the exchange of social amenities or business courtesies of a reasonable nature, consistent with good taste and mature judgment.

#### **7. Compensation Committees**

No person receiving compensation directly or indirectly from the Alliance, or having a material personal relationship with any person receiving such compensation, shall serve as a member of a Board committee responsible for executive compensation matters.

#### **8. Loans to Directors or Officers**

The Alliance shall not make any loan to any Director or Officer. Neither shall it make any loan to any corporation, firm, association or other entity in which one or more of its Directors or Officers hold a material personal interest, except that the Alliance may purchase bonds, debentures or similar obligations of the type customarily sold in public offerings, and may make ordinary deposits of funds in any bank.

#### **9. Goods and Services Available to the Public**

Notwithstanding any other provision of this policy, nothing herein shall prohibit any individual from enjoying goods and services offered to the general public by the Alliance, or shall prevent any individual from participating in discussions or decisions regarding the Alliance's provision of such goods or services, so long as that individual is subject to the same terms as are offered to the general public.

#### **10. Excluded Entities**

Units of government, including the City of New York and any of its agencies, and public charities within the meaning of Sections 501(c)(3) and 509(a) of the Internal Revenue Code, are generally excluded from the scope of this policy. Notwithstanding other provisions herein, such entities generally shall not be deemed to be Key Persons or Disqualified Persons within the meaning of this policy, and any relationship between an individual and any such entity generally shall not be deemed to give rise to a material personal interest. However, the Finance Committee may, at its discretion, impose or recommend such precautionary measures, as it deems appropriate in dealings with or concerning any such entity.

#### **11. Inquiries; Interpretation**

Any individual who is unsure whether a relationship or personal interest is material to this policy, or who has any other questions or concerns regarding this policy, shall con-

tact the President (or, in matters concerning the President, the Chair). The President (or the Chair) may respond directly, or may refer the inquiry to the Finance Committee.

**12. Administration; Remedies**

This policy shall be administered for the Alliance by the Finance Committee. In any instance when the Finance Committee deems corrective or preventive action to be appropriate in connection with this policy, it may take such action directly within the limits of its authority as a committee, and otherwise it shall make recommendations to the Board.