

THE ASSOCIATION FOR MENTALLY ILL CHILDREN OF WESTCHESTER, INC.  
(d/b/a The Clear View School & AMIC Supportive Families)  
&  
AMIC HOLDING CO, INC (An Affiliated Corporation)

**CONFLICT OF INTEREST POLICY**

1. **INTRODUCTION**

The Association for Mentally Ill Children of Westchester, Inc. and its affiliated corporation, AMIC Holding Co., Inc., (jointly referred to as AMIC) are not-for-profit corporations incorporated under the laws of the State of New York and tax exempt pursuant to section 501 (c) (3) of the Internal Revenue Code. AMIC is governed by its Board of Directors in accordance with its certificate of incorporation and by-laws.

AMIC, as The Clear View School, is approved by the New York State Department of Education to provide education services and programming pursuant to sections 4401 and 4410 of the Education Law and certified by the New York State Office of Mental Health to provide children's day treatment services and programming pursuant to article 31 of the Mental Hygiene Law. As AMIC Supportive Families, AMIC is certified by the New York State Office of People with Developmental Disabilities to provide services and programming for individuals with developmental disabilities pursuant to article 16 of the Mental Hygiene Law.

**Article I**  
**Purpose**

The purpose of this Conflict of Interest Policy (this "Policy") is to (1) protect the interests of AMIC (the "Corporation"), a tax-exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or Key Employee or might result in a possible excess benefit transaction; and (2) provide a procedure for dealing with Conflict of Interest situations. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to not-for-profit, educational and charitable organizations in New York State. This Policy applies to all directors, officers and Key Employees of the Corporation.

All decisions of the directors, officers and Key Employees of the Corporation are to be made solely on the basis of a desire to promote the best interests of the Corporation and the public good. The Corporation's integrity must be protected and advanced at all times. Directors, officers and Key Employees of the Corporation are expected to refrain from placing themselves in situations in which their judgment may be affected by personal considerations, or in which their duty, loyalty or stewardship to the Corporation may be compromised.

**Article II**  
**Definitions**

**1. Affiliate**

An Affiliate includes any entity controlled by, in control of, or under common control with the Corporation.

**2. Board**

The Corporation's Board of Directors shall be the "Board" under this Policy.

**3. Committee**

The Corporation's Audit Committee shall be the "Committee" under this Policy.

**4. Covered Personnel**

The directors, officers and Key Employees shall be "Covered Personnel" under this Policy.

## **5. Conflict of Interest**

A Conflict of Interest may exist whenever an individual owes a duty to more than one person or organization, or when an individual's personal interests or concerns are potentially inconsistent with, or divergent from, the interests of the Corporation.

## **6. Family**

Family of a person includes his or her spouse or domestic partner, ancestors, brothers and sisters, children, grandchildren, great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and great-grandchildren.

## **7. Financial Interest**

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or Family:

- a. An ownership or beneficial interest in any corporation of 35% or more or more than 5% in a partnership or professional corporation with which the Corporation has a transaction or arrangement or with which the Corporation is negotiating a transaction or arrangement, or
- b. Any compensation arrangement from which a person receives a financial benefit or other form of remuneration or incentive based upon a transaction or arrangement involving the Corporation.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

## **8. Interested Person**

Any director, principal officer, or Key Employee, who has a direct or indirect Financial Interest or other personal interest in a transaction or other arrangement involving the Corporation is an interested person.

## **9. Key Employee**

A Key Employee means any person who is in a position to exercise substantial influence over the affairs of the Corporation.

## **10. Related Party**

A Related Party includes: (1) any director, trustee, officer, or Key Employee of the Corporation or any Affiliate; (2) Family of any director, trustee, officer, or Key Employee of the Corporation or any Affiliate; or (3) any entity in which any individual described in clause (1) or (2) of this definition has a thirty-five percent or greater ownership or beneficial interest in or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.

## **11. Related Party Transaction**

A Related Party Transaction includes any transaction, agreement or any other arrangement in which a Related Party has a Financial Interest and in which the Corporation or an Affiliate is a participant. A transaction, agreement or other arrangement otherwise meeting the requirements for a Related Party Transaction is a Related Party Transaction even if the Board determines that a conflict of interest does not exist.

## **Article III** **Procedures**

### **1. Duty to Disclose**

In addition to the annual statements set forth in Article VII of this Policy, in connection with any actual or possible Conflict of Interest or any potential Related Party Transaction, an Interested Person must disclose the existence of the

Financial Interest, or other personal interest that may give rise to a Conflict of Interest to the Committee, and be given the opportunity to disclose all material facts to the members of the Committee. The Committee shall report all disclosures made hereunder to the Board.

## **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the Financial Interest or other personal interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Committee meeting while the determination of a Conflict of Interest is discussed and voted upon. The remaining committee members shall decide if a Conflict of Interest exists.

## **3. Procedures for Addressing the Conflict of Interest**

a. An Interested Person may make a presentation regarding the arrangement or transaction involving the possible Conflict of Interest at the Board or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, any such transaction or arrangement.

b. An Interested Person is prohibited from attempting to improperly influence any Board or committee deliberation or voting related to the transaction or arrangement involving the possible Conflict of Interest.

c. After exercising due diligence, the Committee shall determine by a majority vote of the disinterested members whether a Conflict of Interest exists and whether the transaction or arrangement involving a possible Conflict of Interest is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement; provided that if the transaction or arrangement involving a possible Conflict of Interest constitutes a Related Party Transaction then it must be approved in accordance with the procedures set forth in the Section of this Policy entitled "Related Party Transactions".

## **4. Related Party Transactions**

a. Any Covered Personnel with any interest in a Related Party Transaction shall make a good faith disclosure of all material facts related to such interest to the Committee. The Committee shall review all the material facts related to the proposed Related Party Transaction and request any additional information that it deems necessary to complete such review.

b. The Committee shall first review the Proposed Related Party Transaction to determine whether the Related Party's Financial Interest in the transaction or arrangement is substantial (which shall be determined in accordance with any guidance issued by the Office of the New York State Attorney General). If the Committee determines that the Related Party's Financial Interest in the proposed Related Party Transaction is not substantial, then the Committee shall share its finding with the Board which may approve the proposed Related Party Transaction if it determines that the transaction is fair, reasonable and in the best interests of the Corporation. If the Committee determines that the Related Party's Financial Interest in the proposed Related Party Transaction is substantial, then it shall undertake the review set forth in Article III Section 4.c. of this Policy.

c. For any proposed Related Party Transaction in which a Related Party's Financial Interest is substantial, the Committee shall consider alternative transactions to the proposed Related Party Transaction to the extent any alternative transactions are available. Following its review of the proposed Related Party Transaction and any available alternative transactions, if a majority of disinterested members of the Committee determines that the proposed Related Party Transaction is fair, reasonable and in the best interests of the Corporation, then it may recommend to the Board that the Corporation may enter into the proposed Related Party Transaction. The Committee shall document in the minutes of the meeting at which such determination is made, the basis for its determination that the proposed Related Party Transaction is fair, reasonable and in the best interests of the Corporation and any alternative transactions that were considered when making this determination.

d. Upon receiving the recommendation of the Committee, the Board may authorize a proposed Related Party Transaction if the Board determines that it is fair, reasonable and in the best interests of the Corporation. The Corporation shall not enter into a Related Party Transaction unless it is approved in accordance with this Policy.

e. At the time of any deliberation or decision by the Board or the Committee concerning the authorization of a proposed Related Party Transaction, the Interested Person shall not be present at the meeting, and such Interested Person shall not attempt to improperly influence any deliberations or voting regarding the Related Party Transaction; provided that the Board or the Committee may request the Interested Person to provide information regarding the Related Party Transaction prior to the commencement of deliberations or voting thereon. Any Related Party Transaction that is approved without complying with the procedure set forth in this section shall be void.

#### **5. Avoidance of the Appearance of Conflict of Interest**

Because the Corporation relies upon directors who are actively engaged in the community, it is not unusual for its directors to be on the volunteer governing boards of not for profit organizations with which the Corporation may undertake transactions. In such cases, the director must disclose the relationship, may present any relevant information, but must leave the room for discussion and voting upon that particular transaction.

#### **6. Violations of the Conflicts of Interest Policy**

a. If the Board or a committee has reasonable cause to believe a member has failed to disclose actual or possible Conflicts of Interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

### **Article IV** **Records of Proceedings**

The minutes of the Board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a Financial Interest or other personal interest in connection with an actual or possible Conflict of Interest, the nature of the Financial Interest or personal interest, any action taken to determine whether a Conflict of Interest was present, and the Board's or committee's decision as to whether a Conflict of Interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### **Article V** **Compensation**

With respect to any member of the Board or any committee who receives compensation, directly or indirectly, from the Corporation for services (a) such person shall not participate in any deliberations or voting related to such person's compensation; and (b) notwithstanding the same, such person shall not be prohibited from participating in any board or committee activities regarding the compensation of other individuals.

### **Article VI** **Annual Statements**

Prior to a person's initial election and annually thereafter, each director shall sign a statement: (1) whereby such person identifies, to the best of such person's knowledge, any entity of which such person is an officer, director, trustee, member, owner, or employee and with which the Corporation has a relationship, and any transaction in which the Corporation is a participant and in which the person might have a conflicting interest; and (2) which affirms such person:

a. Has received a copy of the conflicts of interest policy,

- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Article VII**  
**Periodic Reviews**

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based upon competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Article VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisers. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

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**THE ASSOCIATION FOR MENTALLY ILL CHILDREN OF WESTCHESTER, INC.**  
**(d/b/a The Clear View School & AMIC Supportive Families)**  
**&**  
**AMIC HOLDING CO, INC (An Affiliated Corporation)**

Director's Initial/Annual Conflict of Interest Statement

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In accordance with the Conflict of Interest Policy (the "Policy") of the Association for Mentally Ill Children of Westchester, Inc. and its affiliated corporation, AMIC Holding Co., Inc., (jointly referred to as AMIC) the undersigned Director of AMIC (the "Corporation") hereby:

Identifies that I am, or a member of my Family is, an officer, director, trustee, member, owner, or employee of the following entities with which the Corporation has a relationship:

Identifies that I may have a conflicting interest with the following transactions in which the Corporation is a participant:

Affirms:

- a. I have received a copy of the Policy;
- b. I have read and understand the Policy;
- c. I agree to comply with the Policy; and
- d. I understand the Corporation is a charitable entity, and, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

\_\_\_\_\_  
Name (print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date