

Conflict of Interest Policy

Craft Emergency Relief Fund

I. Purpose

This policy is intended to provide guidance for the directors and officers of the Craft Emergency Relief Fund (CERF) (collectively “Covered Persons”) in avoiding those situations that can result in a *conflict of interest* and to provide mechanisms for dealing with potential or actual conflicts of interest.

In general, a “conflict of interest” may arise in situations in which a Covered Person, any family member of a Covered Person, or any organization or individual with which or with whom a Covered Person or his/her family member has a financial, business or personal relationship is or may be, (a) in a business relationship with CERF or (b) a business relationship with an organization that is affiliated with CERF. Conflicts of interest may arise, for example, through the ownership, directly or indirectly, of a financial or other interest in an organization supplying goods or services to CERF; the rendering of services by a Covered Person to other organizations which do business with CERF or a CERF affiliate; the receipt or acceptance of benefits, including any gifts, loans or significant favors from any organization or individual doing or seeking to do business with CERF; or the participation in or taking advantage of any business opportunity or activity in which CERF or a CERF affiliate has a material interest. A conflict of interest may also arise in the event that CERF were to engage in an “excess benefit transaction” as further defined in this Policy, without following the requirements expressly set forth below with regard to such transactions.

This policy is intended to supplement but not replace any applicable federal or state laws or regulations governing conflicts of interest and applying to nonprofit or charitable organizations similar to CERF.

II. Definitions

The following terms have the meanings described below:

1. “Affiliated” or “Affiliate” means, with respect to CERF, any other person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, CERF. As used in this definition, “control” or “controlled” means possession, directly or indirectly, of power to direct or cause the direction of management or policies of an organization (whether through ownership of securities, partnership or other forms of ownership or equity interests, and whether by contract, as trustee or executor, or otherwise).
2. “Business Relationship” means a relationship in which a Covered Person, or a family member of a Covered Person, serves as an officer, director, employee, or partner in, an executor or trustee of, or a service provider by or on behalf of, an organization that is or may be engaged in a business transaction or arrangement with CERF or with a CERF affiliate.
3. “Covered Person” means a CERF director or officer or a member of either a standing committee of CERF or of any ad hoc committee which the directors of CERF may call upon to perform governing board delegated powers.

4. “Disqualified Person,” in connection with an Excess Benefit Transaction, as defined below, means any person who, at any time during the five year period ending on the date of the Excess Benefit Transaction, was in a position to exercise significant influence over the affairs of CERF, including, without limitation, any Covered Person, any family member of a Covered Person or any entity in which a Disqualified Person directly or indirectly holds a 35% interest.
5. “Excess Benefit Transaction” means any transaction or compensation arrangement (see Appendix A to this Policy) in which CERF provides a Disqualified Person with an economic benefit, the value of which is greater than the consideration (fairly valued) that CERF receives from the Disqualified Person in return.
6. “Family Member” or “Familial Relationship” means a spouse, parent, sibling, child or grandchild whether or not residing in the same household as any Covered Person, or any other person (whether or not related by blood or marriage) whose home is in the same household as such Covered Person.
7. “Financial Relationship” means a relationship in which a Covered Person, or a family member of a Covered Person, (a) is, singly or together, the actual or beneficial owner of more than 25% of the voting stock or controlling interest of an entity that is involved in a business relationship with CERF, or (b) has other direct or indirect dealings with an entity or person which does business with CERF from or through which such Covered Person or family member of a Covered Person, benefits financially, whether directly or indirectly. It is important to note that a financial interest or relationship is not necessarily, and does not *per se* constitute, a “conflict of interest.” Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the board or other appropriate governing board or committee determines, following the procedures required under this policy, that a conflict of interest exists in the circumstances of each individual case.
8. “Officers” means the Chair (President), Vice-Chair, Treasurer, and Secretary (Clerk) and/or such other officers, if any, as the Board of Directors of CERF may from time to time determine.

III. Procedures for Carrying Out This Policy

1. Duty to Disclose

Covered Persons have a continuing, affirmative obligation to make CERF’s Board of Directors aware of situations that involve a Financial, Business or personal relationship that is giving rise to, or could potentially result in, a conflict of interest, by providing the notice described in this Section 1. Disclosures under this Policy shall be made at any time at which a Covered Person becomes aware of any actual or potential conflict of interest.

Except as provided below, persons obligated to disclose hereunder shall give written notice to the President (Chair) of CERF, and also to the chair or co-chair of the relevant governing committee in cases where the actual or potential conflict involves such person's service on such committee. In the event that the President (Chair) has a Financial, Business or personal interest in the affected transaction or arrangement, the notice called for hereunder shall be provided to the Vice-Chair of CERF or to any other disinterested officer of CERF.

2 Procedures for Addressing the Conflict of Interest

a. The President (Chair) of CERF (or Vice-Chair or any other CERF officer to whom the notice required under Section 1 is provided) shall promptly refer the matter to the CERF Executive Committee and also to the CERF Board or to the governing committee on which the person giving notice of a conflict or potential conflict may be serving.

b. A Covered Person for whom an actual or potential conflict of interest may exist may make a presentation at any meeting of the Board or of the appropriate governing committee before which the affected matter is being addressed, but after the presentation, he or she shall leave the meeting during the discussion of, and any vote on, the transaction or arrangement involving the possible conflict of interest.

c. The President (Chair) of CERF (or the Vice-Chair or any other disinterested director or officer in the event that the President or Vice-Chair may have a Financial, Business or personal interest in the affected matter), at any time that he or she considers appropriate, may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement and/or the facts and circumstances that may give rise to a conflict.

d. After exercising due diligence, the Board or appropriate governing committee shall determine whether CERF can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement is not reasonably possible under the circumstances, the Board or appropriate governing committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is fair and reasonable, is for CERF's benefit and is, overall, in CERF's best interest. In conformity with the above determination, the Board or relevant committee shall make its decision as to whether to enter into the transaction or arrangement and if so, whether any corrective or mitigating actions should be undertaken.

3 Determining Whether a Conflict of Interest Exists

After the disclosures required above, and after any discussion with the person who is the subject of such disclosures as provided below, the disinterested members of the Board of Directors or the governing committee to whom a matter hereunder is referred shall consider all reasonably available information material to the conflicts question and determine whether a conflict of interest has arisen. If so, the Board or other appropriate governing committee shall determine what appropriate steps should be taken by CERF to address the conflict of interest.

4. Approval of Excess Benefit Transactions

In the event that a situation involving or potentially involving an Excess Benefit Transaction arises, the procedures set forth at **Appendix A** shall be followed and are incorporated in and made a part of this Conflict of Interest Policy.

5. Violations of Conflicts of Interest Policy

a. If the Board or relevant governing committee is informed or has reasonable cause to believe that CERF has entered into a transaction or arrangement in which a Covered Person has a conflict of interest without following the procedures set forth above, the Board or committee shall review the transaction or arrangement, in conformance as much as is then reasonably possible,

with the standards described in Sections 3 or 4, and based on the facts as of the time the transaction or arrangement was entered into. The Board or committee then may ratify any transaction or arrangement that would have otherwise met those standards, or may take other corrective actions as it considers appropriate in the circumstances.

b. If the Board, Executive Committee or other relevant governing committee is informed or has reasonable cause to believe that a Covered Person has failed to disclose an actual or potential conflict of interest, the Board or relevant governing committee, acting through the President (Chair), Vice Chair or other appropriate and disinterested officer of CERF, or the chair or co-chair of the relevant committee, as the case may be shall inform such person of the basis for such belief and afford the member an opportunity to present information and otherwise explain the purported failure to disclose to the Board or relevant committee. If, after considering the information provided and any other reasonably available information relevant to such matter, the Board or relevant committee determines that a failure to disclose has arisen in violation of this Policy, the Board shall take, or the governing committee recommend that the Board take, appropriate disciplinary and corrective action.

IV. Records of Proceedings

The minutes of any Board or committee meeting where a conflict of interest is evaluated shall reflect the following: (a) the names of the Covered Persons who disclosed or who were otherwise determined to have an actual or potential conflict of interest; (b) that a disclosure of the actual or potential conflict was made and the nature of the conflict; (c) a description of the actions taken by the Board to determine whether a conflict of interest existed and the decision of whether a conflict existed; (d) a description of any alternative transactions or arrangements considered by the Board and the decision of whether to permit the proposed transaction or arrangement or to ratify same, and any material conditions related to conflict of interest concerns; and (e) the record of all votes taken in connection with the proposed transaction or arrangement, including an acknowledgement that the interested person abstained from voting and that a quorum was otherwise present.

V. Annual Disclosure Statements

1. Delivery of Disclosure Statement. Each Covered Person shall file a Conflict of Interest Disclosure Statement ("Annual Disclosure Statement") on a form provided by CERF on an annual basis that discloses in writing:
 - any Financial, Business or personal relationships that he or she, or any family member, has with CERF or any affiliated organization or with organizations or individuals that do business with CERF or any affiliated organization, or
 - other personal, familial, Business, or Financial Relationships that otherwise could be construed to affect the independent, unbiased judgment of such Covered Person in light of his or her decision-making authority or responsibilities to CERF.

Furthermore, all directors and officers shall annually acknowledge in writing that they have received a copy of this policy, have read the policy and are in compliance with the policy.

2. Confidentiality of Disclosure Statements. All Disclosure Statements shall be confidential but shall be available for review by the directors and by CERF's counsel and external auditors. The Disclosure Statements and the annual reports, or the information contained in the statements and

reports shall be open for inspection by the public only: (a) by official action of the Board upon showing of good cause; (b) with the consent of the person who submitted the data which is to be disclosed; (c) by court order; or (d) as otherwise required by New York or federal law or regulations.

Appendix A

Conflict of Interest Policy

Excess Benefit Transaction

In respect of certain regulations administered by the U.S. Department of the Treasury, Internal Revenue Service, the following requirements apply to any Excess Benefit Transaction, as referred to in the accompanying Conflicts of Interest Policy.

1. Determination of Disqualified Person. Prior to entering into or approving any transaction or arrangement in which an individual or entity may receive an economic benefit from CERF, the Board must determine whether a Disqualified Person is involved.

2. Procedures for Addressing an Excess Benefit Transaction. In the event the Board determines that the proposed transaction or arrangement involves or benefits a Disqualified Person, the following steps must be taken at, or prior to, the time that the transaction is approved:
 - a. If the transaction involves the transfer or use of property, a determination of the fair market value of the property must be made. The consideration given up by CERF in exchange for property should not exceed its fair market value. For this purpose, fair market value means the price at which the property, or the right to use the property, would change hands between a willing buyer and seller.
 - b. If the transaction involves compensation or other payment for services, a determination must be made that the value of the economic benefits provided in exchange for services (including non-taxable health, dental and life insurance benefits and deferred compensation that is earned and vested) does not exceed the value of the services provided.

3. IRS Safe Harbor Procedure. The Department of the Treasury has established certain procedures (not set forth here) that, if followed, will establish a presumption that a compensation arrangement or property transfer involving a Disqualified Person is not an Excess Benefit Transaction. Such procedures may be followed but if so, the Board should consult with counsel regarding the specific options and steps to be taken in the circumstances of any given transaction or arrangement.

4. Records of Proceedings. The Board or Committee must retain contemporaneous, written documentation recording the basis for its decision, which shall include: (a) the terms of the transaction and the date it was approved; (b) the members of the Board or Committee present during discussion and those members who voted on the transaction, (c) the comparability data obtained by the Board or Committee and how the data was obtained, (d) any actions taken with respect to the decision by a member of the Board or Committee with a conflict of interest (if any); and (e) if the approved compensation or property value is higher than the range of comparability data obtained, a record of the basis for the approval. The written documentation must be prepared before the later of the next meeting of the approving body or 60 days after final approval. In

addition, the Board or Committee must review and approve the documentation within a reasonable time following its preparation.

5. Benefits as Compensation for Services. In the event that a Disqualified Person receives benefits as compensation for services from CERF, then CERF shall report the benefit as compensation on an original federal tax information return with respect to the payment (e.g., Form W-2, Form 1099 or Form 990) for the year when the transaction occurred and it is CERF's expectation that the Disqualified Person will report the benefit as income on an original federal income tax return (e.g. Form 1040) for the year when the transaction occurred. In addition, CERF shall use reasonable efforts to maintain other written contemporaneous evidence establishing its intent to treat the benefit as compensation for services such as: (i) a written employment contract with the recipient approved by the Board and executed before the date the benefit is paid reflecting the intent that it be treated as compensation; (ii) approval (prior to the date of the transfer) by the Board or an authorized committee that reflects CERF's intention to treat the benefit as compensation for services; or (iii) other written evidence in existence before the due date of the applicable federal tax return indicating a reasonable belief by CERF that the benefit was a nontaxable benefit.