

# **Bedford Stuyvesant Restoration Corporation**

## **Conflict of Interest Policy and Related Party Transaction Policy**

### **PURPOSE**

All directors, officers and staff owe a duty of loyalty to Bedford Stuyvesant Restoration Corporation (the “Corporation”) and must act in good faith toward the Corporation and in the Corporation’s best interests, rather than in their own interests or the interests of another entity or person, and must comply with applicable legal requirements. The purpose of this Conflict of Interest and Related Party Transaction Policy (this “Policy”) is to set forth procedures for monitoring, reporting, review and oversight of, and review, approval or ratification of any action taken in connection with, conflicts of interest and related party transactions.

### **APPLICABILITY**

This Policy applies to any person who is, or at any time during the past five years was:

1. A director of the Corporation or an “affiliate” (as defined below);
2. An officer of the Corporation or an affiliate;
3. A “key employee” (as defined below) of the Corporation or an affiliate or any other person who exercises the powers of a trustee/director, officer or key employee of the Corporation or an affiliate;

(each, a “Covered Person” or “you”).

This Policy also applies to transactions or arrangements with an “Other Related Party” (as defined below).

An “affiliate” is a person or entity that is directly or indirectly through one or more intermediaries controlled by or in control of the Corporation.

A “key employee” is a person who is in a position to exercise substantial influence over the Corporation and, other than directors and officers, may include, without limitation, a person who: (i) founded the Corporation; (ii) is a substantial contributor; (iii) has authority to control a substantial portion of the Corporation’s capital expenditures, operating budget or employee compensation; (iv) manages a discrete segment or activity of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation (as compared to the Corporation as a whole); (v) receives compensation primarily based on revenues derived from the Corporation’s activities; and/or (vi) is highly-compensated by the Corporation (for example, receiving annual compensation greater than \$150,000). Persons who qualify as “key employees” of the Corporation will be so notified by the Corporation.

An “Other Related Party” is a “relative” (as defined below) of a Covered Person or an entity in which a Covered Person or relative of a Covered Person has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

A “relative” is a (i) spouse or domestic partner (as defined in Section 2994(a) of the New York Public Health Law), (ii) ancestor, child (whether natural or adopted), grandchild, great-grandchild, sibling (whether whole- or half-blood) or (iii) the spouse or domestic partner of a child (whether natural or adopted), grandchild, great-grandchild or sibling (whether whole- or half-blood).

## CONFLICTS OF INTEREST

A conflict of interest arises whenever the interests of the Corporation come into conflict with a financial or personal interest of a Covered Person, or otherwise whenever a Covered Person's personal or financial interest

could be reasonably viewed as affecting his or her objectivity or independence in fulfilling their duties to the Corporation.

While it is not possible to describe or anticipate all the circumstances that might involve a conflict of interest, a conflict of interest typically arises whenever a Covered Person or Other Related Party has (directly or indirectly):

1. a direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement in which the Corporation or any affiliate participates;
2. a compensation arrangement or other interest in a transaction with the Corporation;
3. a compensation arrangement or other interest in or affiliation with any entity or individual that: (i) sells goods or services to, or purchases goods or services from, the Corporation; (ii) competes with the Corporation; or (iii) the Corporation has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with;
4. the ability to use his or her position, or confidential information or the assets of the Corporation, to his or her (or an affiliated party's or relative's) personal advantage or for an improper or illegal purpose;
5. solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on the Covered Person (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);
6. acquired any property or other rights in which the Corporation has, or the Covered Person or Other Related Party knows or has reason to believe at the time of acquisition that the Corporation is likely to have, an interest;
7. an opportunity related to the activities of the Corporation, unless the Board has made an informed decision that the Corporation will not pursue that opportunity;
8. been indebted to the Corporation, other than for amounts due for ordinary travel and expense advances; or
9. any other circumstance that may, in fact or in appearance, make it difficult for the Covered Person to exercise independent, objective judgment or otherwise perform effectively.

## CONFLICT OF INTEREST DISCLOSURE AND QUESTIONNAIRE

You are required to disclose in good faith and in writing to the CEO or CFO care of the Audit Committee Chair all material facts related to conflicts of interest (including those that implicate an Other Covered Party but no Covered Person) (including the nature of your or the Other Covered Party's interest and information about any proposed transaction or other arrangement). Disclosures should be made in advance, before any action is taken on the matter. Conflict identification and analysis can be difficult and, therefore, you are at all times expected to err on the side of caution and disclose all instances where a conflict of interest or the appearance of a conflict exists, even if you do not believe that there is an actual conflict.

Each current director, officer and key employee of the Corporation, as well as nominees for election as director (prior to his or her initial election), must submit to the Secretary of the Corporation or a designated compliance

officer at least once per year (and updated as appropriate) a questionnaire substantially in the form of the Appendix to this Policy. The Secretary of the Corporation or the designated compliance officer shall provide copies of all completed statements to the Chair of the Audit Committee.

## REVIEW AND APPROVAL

The Audit Committee will review all conflicts of interest and determine whether to approve or ratify any such matters. The Audit Committee may only approve the underlying matter if it determines that such matter, under the terms and within the circumstances and conditions presented, is fair, reasonable, and in the best interests of the Corporation at the time of such determination. In making its determination, the Audit Committee will consider, without limitation:

1. Alternative or comparable transactions to the extent available;
2. The Corporation's mission and resources;
3. The possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of, the Corporation (even if there is no actual conflict or wrongdoing); and
4. Whether the conflict may result in any private inurement, excess benefit transaction or impermissible private benefit under laws applicable to tax-exempt organizations.

When considering the comparability of transactions, the Audit Committee may consider: (i) fees paid by similarly situated organizations, both exempt and non-exempt; (ii) the availability of similar products or services within the same geographic area; (iii) survey or other data compiled by independent firms; or (iv) written offers from similar institutions competing for the same person's products or services. When the transaction involves the transfer of real property as consideration, the relevant factors include, but are not limited to (i) current independent appraisals of the property, and (ii) offers received in a competitive bidding process.

Unless provided otherwise in the Corporation's By-laws or Audit Committee Charter, a majority of the members of the Audit Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of member present at a meeting at which a quorum is present shall constitute the action of the Audit Committee with respect to any matter that is the subject of this Policy.

Persons with an interest in any matter under review by the Audit Committee are not permitted to be present at or participate in any deliberations or voting by the Audit Committee with respect to the matter giving rise to the potential conflict, and must not attempt to influence improperly the deliberation or voting on such matter. In appropriate circumstances, any such person may be called upon to provide information relevant to the determination prior to the commencement of deliberations or voting related thereto. Notwithstanding the foregoing, a director with an interest in a matter under review by the Audit Committee shall be deemed to be present at the meeting for purposes of determining whether a quorum is present.

In the event the Corporation and/or a Covered Person in error enters into or otherwise participates in a conflict of interest transaction that requires pre-approval by the Audit Committee pursuant to this Policy, such transaction shall promptly upon discovery of such error be presented to the Audit Committee for its review and the Audit Committee shall consider, if appropriate, whether to (i) ratify such transaction, (ii) direct the rescission or modification of the transaction (if possible to do so), (iii) take any disciplinary action, and/or (iv) make changes to the Corporation's controls and procedures in connection with such error.

## RECORDS

The minutes of the Audit Committee meeting during which a potential or actual conflict of interest is disclosed or discussed shall be documented contemporaneously with the meeting and reflect the name of the interested Covered Person, the nature of the conflict, and details of the deliberations of the disinterested directors (such as documents reviewed, any alternatives or comparable transactions considered, comparative costs or bids, market value information and other factors considered in deliberations) and the resolution of the conflict including any ongoing procedures to manage any conflict that was approved. The interested person shall only be informed of the final decision and not of particular directors' positions or how they voted. In addition, certain related party

transactions are required to be disclosed in the notes to the Corporation's audited financial statements and its annual federal tax filing on Form 990.

## COMPLIANCE

If the Audit Committee has reasonable cause to believe that a Covered Person has failed to comply with this Policy, it may make such further investigation as may be warranted in the circumstances and if it determines that a Covered Person has failed to comply with this Policy, it shall take appropriate action which may include, in the case of directors and officers, removal of the Covered Person from the board or from office or, in the case of key employees or others, termination of employment with the Corporation or an affiliate.

## POLICY ADOPTION AND OVERSIGHT

The Audit Committee is responsible for providing oversight of the adoption and implementation of, and compliance with this Policy. Only directors satisfying the definition of "independence" pursuant to applicable law (as defined immediately below) are permitted to participate in any deliberations or vote on matters relating to this Policy. However, the foregoing requirements should not be construed as to prevent a particular Board member from briefly stating his/her position on the matter, nor from answering pertinent questions of other directors by reason of the fact that personal knowledge on the matter may be of assistance to the other Board members in reaching their decision.

An "independent director" is defined to mean a member of the Board who:

1. Is not and has not been within the last three years, an employee of the Corporation or an affiliate of the Corporation, and does not have a relative who is, or has been within the last three years, a key employee of the Corporation or an affiliate of the Corporation;
2. Has not received and does not have a relative who has received, in any of the last three fiscal years, more than \$10,000 in direct compensation from the Corporation or an affiliate of the Corporation (not including reasonable compensation or reimbursement for services as a director);
3. Is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to or received payments from, the Corporation or an affiliate of the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of: (a) \$25,000 or (b) 2% of such entity's consolidated gross revenue (which payments do not include charitable contributions, dues or fees paid to the Corporation for services which the Corporation performs as part of its nonprofit purposes, provided that such services are available to individual members of the public on the same terms); and

4. Is not and does not have a relative who is a current owner, whether wholly or partially, director, officer or employee of the Corporation's outside auditor or who has worked on the Corporation's audit at any time during the past three years.

This Conflict of Interest and Related Party Transaction Policy was adopted by the Board on September 23, 2021.

**Bedford Stuyvesant Restoration Corporation**

**Questionnaire Concerning Conflicts of Interest and Affirmation re: Organization Policies**

**Part A: To be Completed by Directors, Director Nominees, Officers and Key Employees**

- Please identify, to the best of your knowledge, any and all entities of which you are an officer, director, trustee, member, owner (either as a sole proprietor or a partner or, if in a partnership or professional corporation, in which you have a 5% ownership interest), or employee and with which \_\_\_\_\_ (the “Organization”) has a relationship:
  
- Please identify, to the best of your knowledge, any and all transactions in which the Organization is a participant and in which you have or might have a financial or personal interest:
  
- Please confirm whether you or any “relative” (as defined in the Conflict of Interest and Related Party Transaction Policy), have or have engaged in, or whether you know of any other “Covered Person” (as defined in the Conflict of Interest and Related Party Transaction Policy) that has or has engaged in, any of the following (other than matters already fully disclosed, evaluated and resolved):

	Yes	No
1. a direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which the Organization or any affiliate participates.		
2. a compensation arrangement or other interest in a transaction with the Organization (other than, with respect to Key Employees, your salary as an employee with the Organization).		
3. a compensation arrangement or other interest in or affiliation with any entity or individual that: (a) sells goods or services to, or purchases goods or services from, the Organization; (b) competes with the Organization; or (c) the Organization has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with.		
4. used your/their position, or confidential information or the assets of the Organization to your/their (or an affiliated party’s or relative’s) personal advantage or for an improper or illegal purpose.		
5. solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on you/them (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction).		

6. acquired any property or other rights in which the Organization has, or you/they know or have reason to believe at the time of acquisition that the Organization is likely to have, an interest.		
7. an opportunity related to the activities of the Organization that is available to the Organization or to you/them, unless the Board has made an informed decision that the Organization will not pursue that opportunity.		
8. indebtedness to the Organization, other than for amounts due for ordinary travel and expense advances.		
9. any other circumstances that may, in fact or in appearance, make it difficult for you/them to exercise independent, objective judgment or otherwise perform effectively.		

If yes, to any of the above please describe the relevant facts (attach a separate sheet if necessary):

**Part B: To be Completed by Directors Only**

	Yes	No
1. Have you been an employee of the Organization or an “affiliate” (as defined in the Conflict of Interest and Related Party Transaction Policy) of the Organization within the last three years?		
2. Do you have a “relative” (as defined in the Conflict of Interest and Related Party Transaction Policy) who has been a “key employee” (as defined in the Conflict of Interest and Related Party Transaction Policy) of the Organization or an affiliate of the Organization within the last three years?		

3. Have you received and/or do you have a relative who has received more than \$10,000 in direct compensation from the Organization or an affiliate of the Organization in any of the last three fiscal years (not including reasonable compensation or reimbursement for services as a director)?

4. Do you have a financial interest in, and/or are you an employee of, any entity that has made payments to or received payments from, the Organization or an affiliate of

<p>the Organization in excess of the lesser of: (a) \$25,000 or (b) 2% of such entity’s consolidated gross revenue over the last three years (which payments do not include charitable contributions, dues or fees paid to the Organization for services which the Organization provides as part of its nonprofit purposes, provided that such services are available to individual members of the public on the same terms)? If so, what is or was the nature of your financial interest or relationship?</p>		
<p>5. Do you have a relative who has a financial interest in, and/or who is an officer of, any entity that has made payments to or received payments from, the Organization or an affiliate of the Organization in excess of the lesser of: (a) \$25,000 or (b) 2% of such entity’s consolidated gross revenue over the last three years (which payments do not include charitable contributions, dues or fees paid to the Organization for services which the Organization provides as part of its nonprofit purposes, provided that such services are available to individual members of the public on the same terms)? If so, what is or was the nature of your relative’s financial interest or relationship?</p>		

If yes to any of the above, please describe the relevant facts (attach a separate sheet if necessary):

The answers to the foregoing questions are stated to the best of my knowledge and belief.

I also acknowledge that I have received a copy of, read and understood the Conflict of Interest and Related Party Transaction Policy and Whistleblower Policy of the Organization and agree that I have adhered and will continue to adhere to such policies.

Additionally, I understand that in order to maintain its federal tax exemption the Organization must engage primarily in activities that accomplish one or more of its tax exempt purposes.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_