

Date: 4/19/2015

To: New York Quarterly Meeting

From: NYQM Nominating Committee

Re: Proposed Conflict of Interest Policy

Our work in staffing the Trustees committee has been challenging in part because of some lack of clarity as to whether the Quarterly Meeting has approved a Conflict of Interest Policy.

Some Friends within the Quarter believe that the Quarter has approved this policy while others believe that it has only been proposed.

The only minute that Nominating Committee was able to find which mentions this policy reads as follows:

2010.07.11 The Ad Hoc Governance Committee *proposes* (emphasis added) two changes to the NYQM Handbook as follows:

Quarterly Meeting Nominating Committee, in consultation with Trustees, nominates the Treasurer who is also a Trustee.

Members of the following committees will sign a conflict of interest agreement prepared by the Quarterly Meeting:

Audit & Budget, Cemetery, Educational Fund, Friends Seminary School Committee, Relief, Trustees, and Witness Fund.

The signed documents are to be kept on file in the Quarterly Meeting Office. A copy of the agreement form is to appended to the Handbook and the Handbook updated.

Additionally, Friends of Monthly Meetings are encouraged to consider a conflict of interest statement for their property committees and other fiduciaries.

Friends *accept the report* (emphasis added) as amended. See attached report.

<http://www.nyqm.org/docs/ProposedChangesHandbook.pdf>

We have attached the Conflict of Interest policy proposed by the Ad Hoc Governance Committee in 2010 (please see next six pages) in the spirit of a first reading so that Friends may sit with this and bring their seasoned responses to this proposal to the next Quarterly Meeting.

For comparison we have attached the Conflict of Interest policy adopted by another Quaker body, the Friends General Conference (please see last page).

Respectfully Submitted,

Naomi Paz Greenberg
Marna Herrity
John Loza
John Slater
Antonia Smith

The Trustees of the New York Quarterly Meeting of the Religious Society of Friends

Conflicts of Interest and Disclosure Policy

PREAMBLE

As a religious organization, the New York Quarterly Meeting of the Religious Society of Friends (the "The Quarter") has a special obligation to uphold the public trust. Trustees of the Quarter (collectively referred to as "covered persons") might have interests that conflict with those of the Quarter. The New York law duty of loyalty requires that a covered person be conscious of the potential for such conflicts and act with candor and care in dealing with such situations.

Furthermore, the Internal Revenue Code (the "Code") contains special provisions regarding prohibited and permissible transactions between a religious organization and its covered persons, who are termed "disqualified persons" for purposes of the Code. The self-dealing rules applicable to religious organizations under the Code are separately described in the Appendix to this disclosure policy. Any proposed transaction between a "disqualified person," as defined by the Code, and the Quarter must be carefully reviewed to determine the applicability, if any, of the self-dealing rules. If the proposed transaction is not prohibited by the Code, the Trustees may proceed with its evaluation of the transaction in accordance with this disclosure policy.

Disclosure of relationships and transactions that potentially violate the self-dealing rules of the Code or potentially create a conflict of interest is essential. Under relevant state law, transactions involving a covered person are not inherently illegal, nor are they to be regarded as a reflection upon the integrity of the individual involved. It is the manner in which the individual and the Trustees deal with a disclosed conflict that determines the propriety of the transaction. The appearance of a conflict is often times as important as the reality. Therefore, the first steps in any conflicts of interest policy are disclosure and discussion.

POLICY

Covered persons share responsibility to ensure that the Quarter satisfies all legal requirements and operates in accordance with its charitable mission. This obligation requires that covered persons act exclusively in the interests of the Quarter and not use their positions to further their own financial interests or to derive personal advantage. A covered person must be sensitive to any personal interest he or she may have in a decision to be made by the Quarter, and as much as possible, identify and disclose such interest prior to any presentation or discussion of such a matter before a subcommittee or the Trustees.

Whenever a covered person becomes aware that he, she or a family member (spouse, domestic partner, parent, child or anyone living in the same household as the covered person) has an interest in a transaction that is coming before a subcommittee or the Trustees, the covered person will fully disclose in writing such interest, whether seeming or real, before the

subcommittee or Trustees discusses the matter or takes action on it. An "interest in a transaction" may take the form of (i) a personal financial interest in the transaction; (ii) a personal financial relationship with any organization involved in the transaction; or (iii) a position as trustee, director, officer, key staff, committee member or major donor of any organization involved in the transaction. In addition, covered persons are required to disclose any client relationships they or their family members may have with potential auditors, attorneys, investment advisers, and similar professionals and vendors.

Upon disclosure, the Trustees and legal counsel, if necessary, will determine whether a conflict of interest exists. If it is determined that a conflict exists or that there is an appearance of a conflict, the Clerk of Trustees, prior to any recommendations being presented to the Trustees with respect to a transaction in which a Trustee or subcommittee member has an interest, will disclose that person's interest to the Trustees. The covered person may remain for that portion of the discussion where he or she is able to respond to questions and elaborate on the information presented. The covered person then will recuse himself or herself from the discussion and from the vote on the question of whether a conflict exists. The transaction may be approved only upon a sense of the meeting as discerned by the Clerk in accordance with the traditional practices of the Religious Society of Friends.

Examples of Situations that Require Disclosure

The following examples are not inclusive, but rather only indicative of the types of situations that require disclosure by the applicable covered person.

- Relationships that might enable covered persons to influence the Quarter's interactions with outside organizations in ways that may lead to personal gain, the taking of improper advantage, or the improper diversion of the Quarter assets from the the Quarter's charitable mission. Example: a covered person who also is the chair of another charity seeking a grant that will be used to hire the covered person's spouse or domestic partner.
- Situations in which a covered person is asked to assume executive or managerial positions with another organization that might seriously divert the covered person's attention from the Quarter's matters or create other conflicts of loyalty. Examples: if the Trustee assumed the position as chair of another organization's board; if a covered person became the Executive Director or director of a grantee; or if the Clerk of Trustees is asked to become the chair of another charitable organization.
- Situations in which the covered person assists outside organizations by giving them access to the Quarter's confidential information. Examples: providing one bidder of a contract with information regarding other bidders or sharing the minutes of Trustee meetings with prospective or existing grantees.
- Situations in which the covered person is involved in independent business ventures, as owner, investor, or director, where that business may be doing business with the

the Quarter. Example: being a partner or LLC member (or one's spouse, domestic partner, parent, child or anyone living in one's household being a partner or LLC member) of the software company bidding on the contract for the Quarter's website development.

- Situations in which the covered person is a director, officer, or employee of a prospective grantee.

Third-Party Reporting

If a covered person has a reasonable belief that another covered person has failed to disclose an interest by him, her or a family member in a transaction as required by this Policy, the covered person is expected immediately to report such information to the Clerk of Trustees or, if the matter concerns the Clerk of Trustees, the assistant Clerk of Trustees. The Clerk of Trustees or Assistant Clerk of Trustees will inform¹ the Trustees. The Trustees, will follow-up promptly concerning all reports, with such further investigation as is necessary. If Trustees finds that a covered person has failed to disclose an interest in a transaction as required by this Policy, the Trustees will determine² what action to take, if any, including use of clearness committees or other traditional practices and procedures of the Religious Society of Friends. Furthermore, in circumstances in which a subcommittee or the Trustees approves a transaction without disclosure or knowledge of the interest of a covered person or his or her family member in such transaction, the Quarter may avoid the transaction, unless the party or parties to the transaction establish affirmatively that the transaction was fair and reasonable to the Quarter at the time it was authorized.

Documentation

Whenever a covered person discloses an interest in a transaction or abstains from participating in a meeting on the transaction, such disclosure or abstention will be recorded in the minutes of the meeting at which the transaction was considered.

Distribution of Policy and Annual Disclosure Forms

All covered persons will receive a copy of this Policy at the start of their relationship with the Quarterly Meeting Trustees. Each covered person will complete a disclosure form annually, in January, and update the form as necessary during the year.

¹Excluding the covered person

²Only the disinterested persons thereof

APPENDIX

Requirements Under the Self-Dealing Regulations of the Internal Revenue Code

The Internal Revenue Code (the "Code") and Treasury Regulations prohibit the the Quarter from engaging in acts of "self-dealing" with "disqualified persons." "Disqualified persons" with respect to the Quarter include directors, officers, and persons having similar powers or responsibilities with respect to the Quarter (such as key employees), substantial contributors, family members of such persons.

The fonowing types of transactions between disqualified persons and the Quarter are prohibited under the self-dealing regulations:

- Sale, exchange, or leasing of property between the Quarter and any disqualified person;
- Lending of money or other extension of credit between the Quarter and a disqualified person, other than the lending of money by a disqualified person to the Quarter without interest or other charge, so long as the loan proceeds are used exclusively for charitable purposes;
- Furnishing of goods, services or facilities between the Quarter and a disqualified person, other than the furnishing of goods, services or facilities by a disqualified person to the Quarter without charge so long as the goods, services or facilities are used exclusively for charitable purposes;
- Payment of compensation or reimbursement of expenses by the Quarter to a disqualified person, other than the payment of compensation and the payment or reimbursement of expenses by the Quarter to a disqualified person for personal services that are reasonable and necessary to carrying out the exempt purposes of the the Quarter, so long as the compensation, payment, or reimbursement is not excessive;
- Transfer to, or use by or for the benefit of a disqualified person of the income or assets of the Quarter.

Prior to entering into any contract or other transaction involving a disqualified person, the Quarter must consider whether the contract or transaction will result in prohibited self-dealing. In making this determination, it is irrelevant whether a particular act or transaction would be beneficial to the Quarter.

New York Quarterly Meeting of the Religious Society of Friends Disclosure Statement

This Disclosure Statement is designed to assist Trustees and Subcommittee members of the New York Quarterly Meeting of the Religious Society of Friends in meeting their ongoing responsibility to disclose business or personal interests that may create a conflict of interest. Part A of the Disclosure Statement contains an acknowledgment that you have received a copy of the Quarter's Disclosure Policy, have read it and understand it, and agree to comply with it. Part B of the Disclosure Statement requests a list of all entities that do or may do business with the Quarter in which you or a family member either hold a position as trustee, director, or officer or have a financial interest. Please complete the attached Parts A and B, sign them, and return them to the Clerk of Trustees. "

Part A

I hereby acknowledge that I have received a copy of the New York Quarterly Meeting of the Religious Society of Friends's Disclosure Policy and that I have read it and understand it. I hereby agree to abide by and comply with the procedures contained in the Disclosure Policy.

Dated:
Name: _____
Signature: _____

Part B

In the space below, please list all entities that do or may do business with the Quarter in which either (1) you or a member of your immediate family hold a position as trustee, director, officer, or managerial personnel or (2) you or a family member have a financial interest (*i.e.*, an ownership interest of at least 10%).

(1) Entities that do or may do business with the The Quarter in which you or a family member have a relationship such as: director, trustee, officer, committee member, key staff member, major donor.

(List name of family member (if relevant), name of entity, and position held)

(2) Entities that do or may do business with the Quarter and in which you or a family member have a financial interest:

(List name of family member (if relevant), name of entity, and position held)

The above information is correct and complete to the best of my knowledge.

Dated:
Name: _____
Signature: _____

Received by: _____
Signature: _____
Date: _____

* * *

**FRIENDS GENERAL CONFERENCE
CONFLICT OF INTEREST POLICY**

Policy

All staff, officers and Central Committee member of Friends General Conference(FGC) are expected to act in the best interests of FGC and to avoid participating in decisions or accepting assignments that might pose a conflict of interest.

Advices

1. Staff, officers and Central Committee members should recuse themselves from any financial or administrative decision or activity involving an actual or potential conflict of interest, which is to say any decision that might directly benefit them, their relatives, or an entity with which they are closely associated.
2. Staff, officers and Central Committee members should not supervise or have authority over someone who is a relative. If such a situation comes about as a result of a new assignment or a new hire or a new relationship, one or the other of the parties involved is expected to remove him or herself from the position causing the conflict. Preference in deciding upon proper remedial action will be given to an employee over a committee member, and to a more senior employee over a more junior one.

Queries

1. Am I putting the interest of FGC ahead of my personal interest in accepting an assignment or performing my duties on behalf of FGC?
2. Am I free of any personal connections or considerations that might color my views on the matter at hand?
3. Am I fully aware of the need to recuse myself from a decision or remove myself from a position that poses a potential conflict of interest?
4. Even if I believe I am not involved in a conflict of interest, would the appearance of a conflict be detrimental to the interest of FGC?
5. Have I considered the use of a clearness process to determine the presence of a conflict?

Directives

The General Secretary and the Central Committee Presiding Clerk have the authority to decide what constitutes a conflict of interest in consultation with personnel committee if needed.

The General Secretary, with review and approval by the Personnel Committee, may make exceptions to the recommendations in the two advices.