

SCHEDULE B
CONFLICT OF INTEREST POLICY

Section 1. Purpose.

The purpose of this policy (the “Policy”) is to protect the interests of the Association when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Director, Officer or Council Member of the Association. The Association will not enter into any such transaction or arrangement unless it is determined by the Board in the manner described below to be fair, reasonable and in the best interests of the Association at the time of such determination. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to non-for-profit and charitable organizations.

Section 2. Definitions.

(a) Board of Directors (the “Board”). The body responsible for the governance of the Association, each member of which is a Director.

(b) Financial Interest. A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangement involving the Association.

(c) Independent Director. A member of the Board who: (i) Does not have a substantial Financial Interest in and has not been an employee of, and does not have a Relative who has a substantial Financial Interest in or was an Officer of, any entity that has made payments to or received payments from, the Association in excess of the lesser of: (a) \$25,000 or (b) 2% of the Association’s consolidated gross revenue over the last three years (payment does not include charitable contribution); (ii) Is not in an employment relationship under control or direction of any Related Party and does not receive payments subject to approval of a Related Party; (iii) Does not approve a transaction providing economic benefits to any Related Party who in turn has approved or will approve a transaction providing economic benefits to the Director.

(d) Council Member. A member of the Council, as per the Association’s Constitution. Each Council Member is also a Director.

(e) Officer. A person who has the authority to bind the Association as designated in the Constitution or By-Laws of the Association. Each Officer is also a Director.

(f) Related Party. Persons who may be considered a Related Party of the Association under this Policy include: (i) Directors, Officers or Council Members of the Association; (ii) Relatives of Directors, Officers or Council Members; (iii) any entity in which a person in (i) or (ii) has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional Association, a direct or indirect ownership interest in excess

of 5%; or (iv) Substantial contributors to the Association (within the current fiscal year or the past five fiscal years).

(g) Related Party Transaction. Any transaction, agreement or any other arrangement with the Association in which a Related Party has a Financial Interest. Any Related Party Transaction will be considered a conflict of interest for purposes of this Policy.

(h) Relative. A Relative is a spouse, ancestor, child (whether natural or adopted), grandchild, great grandchild, sibling (whether whole or half blood), or spouse of a child (whether natural or adopted), grandchild, great grandchild or sibling (whether whole or half blood), or a domestic partner as defined in section 2994-A of the New York Public Health Law.

Section 3. Related Party Transactions and Duty to Disclose

A Related Party Transaction is not necessarily a prohibited transaction. Under this Policy, if the Association contemplates entering into a Related Party Transaction, the Independent Directors of the Board must determine if the transaction is fair, reasonable, and in the best interests of the Association at the time of such determination. If at any time during his or her term of service a Related Party acquires any Financial Interest or when any matter for decision or approval comes before the Board in which a Related Party has a Financial Interest, the material facts of that Financial Interest or potential Related Party Transaction must be promptly disclosed in writing by the Related Party to each member of the Board. The Board will then follow the procedures in Section 4 of this Policy. Any failure by a Related Party to disclose to the Board a known Financial Interest or a known potential Related Party Transaction may be grounds for removal of such person from the Board and/or his or her termination from the Association.

Section 4. Review and Voting.

(a) Non-Participation and Review. All transactions, agreements or any other arrangements between the Association and a Related Party, and any other transactions which may involve a potential conflict of interest, shall be reviewed by the Independent Directors. All Related Parties with a Financial Interest shall leave the room in which such deliberations are conducted. The Independent Directors will then determine whether the contemplated Related Party Transaction is fair, reasonable, and in the best interests of the Association at the time of such determination. The Association will not enter into any Related Party Transaction unless it is determined to be fair, reasonable and in the best interest of the Association at the time of such determination.

(b) Consideration of Alternate Transactions and Comparability Data. If the contemplated Related Party Transaction pertains to compensation for services or the transfer of property or other benefit to a Related Party, the Independent Directors must determine that the value of the economic benefit provided by the Association to the Related Party does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data prior to entering the transaction. In those

instances where the contemplated Related Party Transaction does not involve compensation, transfer of property or benefits to a Related Party, the Independent Directors must consider alternative transactions to the extent possible, prior to entering into such transaction.

(c) Comparability Data. When considering the comparability of compensation, for example, the relevant Comparability Data which the Independent Directors may consider includes, but is not limited to (1) compensation levels paid by similarly situated organizations, both exempt and nonexempt; (2) the availability of similar services within the same geographic area; (3) current compensation surveys compiled by independent firms; and (4) written offers from similar institutions competing for the same person's services. When the transaction involves the transfer of real property as compensation, 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.]

(d) Voting. The Independent Directors after considering alternate transactions and/or comparability data shall determine in good faith whether the transaction or arrangement is fair, reasonable, and in the best interest of the Association at the time of such decision. Any such transaction shall be approved by not less than a majority vote of the Independent Directors present at the meeting. The Independent Directors shall make their decision as to whether to enter into the transaction or arrangement and shall contemporaneously document the meeting under Section 6 of this Policy. All Related Parties with a Financial Interest must not be present for deliberations and voting on the transaction or arrangement in which he or she has a Financial Interest. Only Independent Directors shall vote on Related Party Transactions. No Related Party shall vote, act, or attempt to influence improperly the deliberations on any matter in which he or she has been determined by the Board to have a Financial Interest. Any attempt to vote, act, or improperly influence deliberations by a Related Party on any matter with which such person has a Financial Interest may be grounds for such person's removal from the Board or termination from the Association.

Section 5. Committee Review

The Board may delegate to a committee, which shall be composed solely of Independent Directors, the review and approval of any Related Party Transaction; provided that if in such committee's judgment the Related Party Transaction is of a magnitude that would otherwise require Board approval, the committee shall submit the Related Party Transaction to the Board for consideration, providing its recommendation as to whether or not to approve it. In the event the Board delegates the review and approval of Related Party transactions to a committee, all references to Board in this Policy shall be deemed to refer to such Committee and all references to a majority of the Board shall be deemed to refer to a majority of such Committee.

Section 6. Records of Proceedings

The minutes of all meetings of the Board at which a Related Party Transaction is considered shall contain: (a) The names of the persons who disclosed or otherwise were determined to have a potential or actual Financial Interest and/or conflict of interest, the nature of the potential or actual Financial Interest and/or conflict of interest, any action taken to determine whether a Financial Interest or conflict of interest exists, and the Board's decision as to whether a Financial Interest and/or conflict of interest exists. (b) The names of the persons who were present for discussions and votes relating to any determinations under Section 4 above, including whether the Related Party and any Board members not considered to be Independent Directors, left the room during any such discussions, the content of such discussions, including discussion of alternative transactions, and whether or not the transaction with the Related Party was approved by the Board. (c) The minutes shall be documented contemporaneously to the decision and discussion regarding the Financial Interest or conflict of interest.

Section 7. Initial and Annual Written Disclosures.

Prior to a Director, Office or Council Member assuming his or her position initially, and thereafter on an annual basis, all Directors, Officers and Council Members shall disclose in writing to the Secretary of the Association:

(a) Any entity of which such person or a Relative of such person is an officer, director, trustee, member, owner, or employee and with which the Association has a relationship,

(b) Any Financial Interest such person may have in any Association, organization, partnership or other entity which provides professional or other goods or services to Association for a fee or other compensation, and

(c) Any position or other material relationship such Director, Officer, or Council Member, or Relative of such persons, may have with any not-for-profit Association with which the Association has a business relationship. A copy of each disclosure statement shall be kept in the Association's files and made available to any Director, Officer or Council Member upon request.

Section 8. Annual Statements.

Each Director, Officer and Council Member shall annually sign and submit to the Secretary of the Association a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

Receipt of Schedule B CUAA's Conflict of Interest Policy

CUAA's Conflict of Interest Policy describes important information, it describes Directors responsibilities for disclosure.

Your signed receipt of acceptance of this document is a condition of your service as a Director of the CUAA.

By signing below you acknowledge that you have received a copy of CUAA's Conflict of Interest Policy and understand that it is your responsibility to read and comply with the policies contained therein.

Signature

Date

Printed Name

Title

Please sign and date, retain a copy for your records and return it to CUAA's elected Secretary.