

# CONGREGATION KOL AMI

## Conflict of Interest, Self-Dealing and Disclosure Policy

### Purpose of Policy and Duties of Trustees, Officers and Key Employees

1. The Trustees, Officers and key employees<sup>1</sup> of Congregation Kol Ami ("Kol Ami") owe a duty of loyalty to Kol Ami which requires that in serving Kol Ami they act, not in their personal interests or in the interests of others, but rather solely in the interests of Kol Ami. Trustees, Officers and key employees must have an undivided allegiance to Kol Ami's mission and may not use their position as Trustees, Officers or key employees, information they have about Kol Ami, or Kol Ami's property, in a manner that allows them to secure a pecuniary benefit for themselves or their relatives.<sup>2</sup> Accordingly, no Trustee, Officer or key employee may use his or her position at Kol Ami for personal gain or to benefit another at the expense of Kol Ami, its mission or its reputation.

A conflict of interest may arise when a person has an existing or potential financial interest or other material interest that impairs, or might appear to impair his or her independence or objectivity in the discharge of responsibilities and duties to Kol Ami. This Policy is intended to protect Kol Ami's interests when it is contemplating entering into a contract, transaction or arrangement that might benefit the private interests of a Trustee, Officer or key employee of Kol Ami.

Every Trustee, Officer and key employee must discharge his or her duties in good faith, with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances. This requires using common sense, being diligent and attentive to Kol Ami's needs, and making thoughtful decisions in the best interest of Kol Ami. No Trustee, Officer or key employee may take personal advantage of a business opportunity that is offered to Kol Ami unless the Board of Trustees of Kol Ami first determines not to pursue such opportunity and such Trustee, Officer or key employee determines to pursue such opportunity within one (1) year of the date that the Board of Trustees declines to pursue such opportunity. If such Trustee, Officer or key employee fails to pursue such opportunity within such one (1) year period and then decides to pursue such opportunity, such opportunity must be represented to the Board of Trustees for its consideration prior to such Trustee, Officer or key employee being permitted to pursue such opportunity.

Each Trustee, Officer or key employee must protect the confidential information of Kol Ami and shall not use such confidential information for his or her personal benefit, or use such confidential information or his or her position as Trustee, Officer or key employee to the detriment

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<sup>1</sup> For Purposes of this Policy, key employee means a person who, at any time during the past 5-year period, was in a position to exercise substantial influence over the affairs of Kol Ami. A "key employee" will include, but is not limited to, the Executive Director, Rabbi, Cantor, Early Childhood Program Director, Religious School Director and Buildings Superintendent.

<sup>2</sup> For purposes of this Policy, relative means spouse or significant other living in the same household ("partner"), siblings, partners of siblings, ancestors, children (including adopted children), grandchildren, great-grandchildren, and partners of children, grandchildren and great-grandchildren.

of Kol Ami. Confidential information is information obtained through an individual's position as a Trustee, Officer or key employee of Kol Ami that has not become public information.

#### Direct or Indirect Financial or Other Material Interest

2. Contracts, transactions or arrangements (other than employment arrangements) of Kol Ami (or related entities) in which a Trustee, Officer, key employee or other Related Party (defined below) has a direct or indirect financial or other material interest (a "Related Party Transaction") shall not be prohibited, but they shall be subject to scrutiny. Prior to Kol Ami entering into any Related Party Transaction, it must be reviewed to determine that it is fair, reasonable and in the best interests of Kol Ami. Related Parties include, but are not limited to, the following:

- (a) trustees and officers of Kol Ami;
- (b) key employees of Kol Ami;
- (c) a relative of any trustee, officer, or key employee of Kol Ami;
- (d) an entity of which any trustee, officer, or key employee of Kol Ami or a relative of any such individual is a director, trustee, officer, or key employee or has managerial control; and
- (e) an entity in which any trustee, officer, or key employee of Kol Ami or a relative of any such individual has a thirty-five percent 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 five percent.

#### Disclosure of Interest and Participation in Meeting

3. Each Trustee, Officer and key employee of Kol Ami shall promptly disclose any direct or indirect financial or other material interest (an "Interest") which he or she or his or her relative or, to his or her knowledge, any other Related Party has or reasonably expects to have in any Related Party Transaction of Kol Ami prior to the start of any negotiations with respect to such matter. Such an Interest shall be disclosed in writing to the Secretary of Kol Ami. Such disclosure shall include all material facts and supply any reasons why the Related Party Transaction might or might not be fair, reasonable and in the best interest of Kol Ami. The Secretary of Kol Ami then shall provide a copy of all such disclosures to the (Co-)President(s).<sup>3</sup>

4. The Trustee, Officer or key employee who disclosed the Interest in a proposed or existing Related Party Transaction then may make a presentation and respond to questions by the Board of Trustees but not attempt to influence the deliberation or voting on the matter. After such

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<sup>3</sup> Compliance with this Policy may be the responsibility of the Board of Trustees or another committee of the Board comprised solely of independent trustees. If the Board of Trustees oversees compliance with this Policy, only independent trustees may participate in any Board deliberations or voting on matters related to this Policy.

presentation, the Trustee, Officer or key employee shall leave the meeting during the discussion of, and vote on, the Related Party Transaction. The existence of a quorum shall not be broken by the non-participation of such Trustee, Officer or key employee. The Board of Trustees shall determine whether Kol Ami can obtain a more advantageous transaction or arrangement with reasonable efforts that would not be a Related Party Transaction. If a Related Party has a *substantial* financial interest in the proposed or existing Related Party Transaction, the Board of Trustees shall appoint a disinterested person or committee to investigate alternatives to the proposed or existing transaction or arrangement. A financial interest will be considered substantial if it involves:

- (a) an ownership or investment interest representing more than 5% of the outstanding shares of a publicly traded company or 10% of the outstanding shares or comparable interest of a privately owned company with which Kol Ami has or is negotiating a transaction or arrangement or which is otherwise involved in a transaction or arrangement with Kol Ami; or
- (b) an ownership or investment interest, which produces a significant amount of income for or constitutes a significant part of the net worth of the Trustee, Officer or key employee, or a relative of the Trustee, Officer or key employee, in any entity with which Kol Ami has or is negotiating a transaction or arrangement or which is otherwise involved in a transaction or arrangement with Kol Ami; or
- (c) a compensation arrangement of any kind with any entity or individual with which Kol Ami has or is negotiating a transaction or arrangement or with any entity or individual which is otherwise involved in a transaction or arrangement with Kol Ami.

If a more advantageous transaction or arrangement that is not a Related Party Transaction is not reasonably attainable, the Board of Trustees shall determine by majority vote of the disinterested members of the Board whether the Related Party Transaction is fair, reasonable and in Kol Ami's best interest and shall make its decision as to whether to enter into or continue the Related Party Transaction in conformity with such determination.

Notwithstanding anything in this Policy to the contrary, the disclosure requirements set forth in Sections 3 and 4 above shall not be applicable to (a) transaction or arrangement with a total value of less than One Thousand and 00/100 Dollars (\$1,000.00), provided that such exception shall only be applicable to two (2) transactions or arrangements in any fiscal year for any particular Trustee, Officer or key employee or a relative thereof, and (b) transactions or arrangements that deal with matters relative to life and physical safety issues which the (Co-) President(s) and Executive Director deem to be emergencies, provided that such transactions or arrangements are disclosed to the Board of Trustees as soon as practicable. Even though a transaction or arrangement does not need to be disclosed pursuant to this Section 5, the Trustee, Officer or key employee involved still owes the duties set forth in Section 1 above and must disclose such transaction or arrangement in accordance with Section 7 below.

### Minutes of Meeting

5. The names of the Trustees, Officers and key employees who disclosed or otherwise were found to have an Interest in a proposed or existing Related Party Transaction, the nature of the Interest, and the extent of the Trustee's, Officer's or key employee's participation in the relevant Board of Trustees meeting on matters related to the Interest shall be recorded in the minutes for that meeting. The minutes also shall include a record of any determination as to whether the Related Party Transaction was fair, reasonable and in the best interest of Kol Ami, notwithstanding the Interest, and the specific reasons supporting the determination, including any alternatives to the proposed or existing Related Party Transaction, the names of the persons who were present for discussions and votes relating to the proposed or existing Related Party Transaction, the content of the discussion, and a record of any votes taken in connection therewith.

### Failure to Disclose

6. If the Board of Trustees has reasonable cause to believe that a Trustee, Officer or key employee has failed to disclose an Interest, it shall inform the Trustee, Officer or key employee of the basis for such belief and afford the Trustee, Officer or key employee an opportunity to explain the alleged failure to disclose. If, after hearing the response of such individual and making such further investigation as may be warranted in the circumstances, the Board of Trustees determines that the Trustee, Officer or key employee has in fact failed to disclose an Interest, it shall take appropriate disciplinary and corrective action.

### Annual Disclosure Statement

7. Each Trustee, Officer and key employee has a duty to place the interest of Kol Ami foremost in any dealing with Kol Ami and has a continuing responsibility to comply with the requirements of this Policy. Each prospective Trustee, prior to his or her initial election, and each Trustee, Officer and key employee, not later than the first day of August of each year, shall acknowledge his or her familiarity with this Policy and shall disclose in writing to the Board of Trustees any existing Interest by completing the attached Conflict Of Interest Disclosure Statement and submitting it to the Secretary of Kol Ami. The Conflict Of Interest Disclosure Statements shall be reviewed by the Board of Trustees. The Conflict Of Interest Disclosure Statements shall be retained in the confidential files of the Secretary.

### This Policy Supplements Applicable Laws

8. This Policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to charitable organizations.

This Conflict of Interest, Self-Dealing and Disclosure Policy is designed to assist trustees, officers and key employees of Kol Ami in meeting their ongoing responsibility to disclose any direct or indirect financial or other material interest (an "Interest") that may create a conflict of interest. Below is an acknowledgment stating that you have received a copy of Kol Ami's Conflict of Interest, Self-Dealing and Disclosure Policy, have read it and understand it, and agree to comply with it. The attached Disclosure Statement requests a list of (1) all entities in which you or a relative or, to your knowledge, any other Related Party holds a position as director, trustee, officer, owner, partner, member, or employee and with which Kol Ami has a relationship and (2) all entities that have entered or may enter into a contract, transaction or arrangement with Kol Ami and in which you or a relative or any other Related Party has an Interest and an indication of whether such Interest is a substantial financial interest (as defined in the Policy). Please complete the Acknowledgement and Disclosure Statement, and return the signed statements to the Secretary.

### **Acknowledgment**

I hereby acknowledge that I have received a copy of Kol Ami's Conflict of Interest, Self-Dealing and 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 Conflict of Interest, Self-Dealing and Disclosure Policy.

Dated: \_\_\_\_\_

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

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

## Disclosure Statement

In the space below, please list (1) all entities in which you or a relative holds a position as director, trustee, officer, owner, partner, member or employee and with which Kol Ami has a relationship and (2) all entities that have entered or may enter into a contract, transaction or arrangement with Kol Ami and in which you or a relative has an Interest and whether such Interest is a substantial financial interest as defined in the Policy.

- (1) All entities in which you or a relative holds a position as director, trustee, officer, owner, partner, member, or employee and with which Kol Ami has a relationship:

(list name of relative (if relevant), name of entity and position held)

- (2) All entities that have or may enter into a contract, transaction or arrangement with Kol Ami and in which you or a relative has an Interest and whether such Interest is a substantial financial interest (as defined in the Policy):

(List name of relative (if relevant), name of entity and nature of interest)

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

Dated: \_\_\_\_\_

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

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