

The Cat Fanciers' Association
CONFLICT OF INTEREST POLICY
Adopted by CFA Board of Directors June 2022

The Cat Fanciers' Association, Inc. (the "Association") is an organization subject to the New York State Not-for-Profit Corporation Law with respect to its governance, including dealing with conflicts of interest. The New York Not-for-Profit Corporation Law imposes several requirements with respect to conflicts of interest and related party transactions, in addition to the judge-made common law, which deals with these concerns.

Additionally, the Association is an organization described in Sections 501(c)(3) and 509(a)(1), (2) or (3) of the Internal Revenue Code of 1986, as amended (the "Code"), and so is subject to the requirements of Code Section 4958 with respect to various dealings with disqualified persons.

The Association adheres to the highest standards of ethical conduct in governance and operations to ensure that board of directors, officers, staff, volunteers, and/or consultants do not have or give the appearance of having Conflicts of Interest and do not use their relationship with the organization for impermissible private benefit. An appearance of a Conflict of Interest exists when a reasonable person would conclude that a decision is being made based on personal interests rather than in the best interests of the Association.

The Association has adopted this Conflict of Interest Policy (this "Policy") to identify and limit the effect of any possible conflict between the personal interests of directors and officers and the interest of the Association. The purpose of this Policy is to ensure that decisions about corporate operations and the use and dispositions of corporate assets are made solely in terms of benefits to the Association and are not influenced by any private profit or other personal benefit to the individuals affiliated with the Association who take part in the decision.

Administration

The Board of Directors shall adopt and administer this Policy. The Board of Directors shall review this Policy periodically to ensure compliance with applicable state and federal laws. Any questions about this Policy may be directed to the Board President at [President's email address].

Definitions

A "Related Party" is defined as the following:

- (a) Any individual who currently serves as:
 - (i) a voting member of the Board of Directors of the Association or any Affiliate of the Association;
 - (ii) an officer of the Association or any Affiliate of the Association;
 - (iii) a Key Person of the Association or any Affiliate of the Association; or
 - (iv) any other person who exercises the powers of directors, officers, or Key Persons over the affairs of the Association or any Affiliate of the Association.

- (b) Any Relative of those persons listed in (a) above. A “Relative” includes: spouse; domestic partner as defined in New York Public Health Law Section 2954-A; ancestors; brothers and sisters (whether whole or half-blood); children (whether natural or adopted); grandchildren; great-grandchildren; and spouses or domestic partners of brothers, sisters, children, grandchildren, and great-grandchildren.
- (c) Any entity in which an individual listed in (a) or (b) has a Controlling Interest. A Controlling Interest is defined as:
- for corporations, ownership (directly or indirectly) of more than 35% of the combined voting power;
 - for partnerships or personal service corporations profits interest; and
 - for trusts or estates, ownership (directly or indirectly) of more than 35% of the beneficial interest.

“Key Person” includes any person, **other than a director or officer**, whether or not an employee of the Association, who:

- (a) has responsibilities, or exercises powers or influence over the Association as a whole similar to the responsibilities, powers, or influence of directors and officers;
- (b) manages the Association or a segment of the Association that represents a substantial portion of the activities, assets, income, or expenses of the Association, which for these purposes shall be ten percent (10%); or
- (c) alone or with others controls or determines a substantial portion of the Association’s capital expenditures or operating budget, which for these purposes shall be ten percent (10%).

“Affiliate” is any entity controlled by, or in control of, the Association.

A “Related Party Transaction” is any transaction, agreement, or other arrangement in which a Related Party has a financial interest and in which the Association or any Affiliate of the Association is a participant.

The following shall not be considered a Related Party Transaction:

- A transaction that is de minimis, including: a single transaction that does not exceed \$100; or multiple transactions with a single third-party within a one-month period that do not exceed this threshold.
- A transaction that would not customarily be reviewed by the Board of Directors or boards of similar organizations in the ordinary course of business and is available to other on the same or similar terms.
- A benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Association serves as part of its activities, and which benefit is available to all similarly situated members of the same class on the same terms.

A “Conflict of Interest” is any transaction that is not a Related Party Transaction but involves a transaction that could be perceived or interpreted to be in conflict with the Association’s interest.

Annual Disclosure Statements

- Duty to Complete Questionnaire. Each director shall complete a conflict of interest questionnaire prior to becoming a director and annually thereafter. Each officer or Key Person shall complete a conflict of interest questionnaire when assuming the relevant position and annually thereafter. The questionnaire shall be in the form approved by the Board of Directors. The questionnaire shall be submitted annually no later than July 31 of each year and maintained by the Board Secretary for five years from the date of signing.
- Duty to Update Information. Each director, officer, or Key Person shall promptly advise the Secretary or designated compliance officer of any changes to the information provided in that individual's last completed conflict of interest questionnaire.

If during the course of a Board of Directors or any committee meeting, discussion, or deliberation a participant believes an actual or potential Conflict of Interest or Related Party Transaction may exist, the participant should raise the issue and disclose such information as the participant is aware so that the Board of Directors or committee may review and refer the matter for additional action if required by this Policy. In all cases, any disclosure should be documented in meeting minutes or other corporate records.

The Secretary or designated compliance officer will ensure that all individuals required to complete an annual disclosure statement do so in accordance with this Policy. If any individual fails to comply with the Policy's disclosure requirements, the Secretary or designated compliance officer will report such failure to the Board of Directors, which shall recommend appropriate corrective action.

Disclosures and List of Related Parties.

All information in completed questionnaires or subsequent disclosures shall be compiled and reported by management to the Board of Directors.

A list of individuals and organizations identified as Related Parties through the annual disclosure process (the "Related Party List") shall be assembled and provided to employees of the Association or other individuals who have authority to sign contracts, enter into transactions, or sign checks on behalf of the Association. Such individuals shall be responsible for reviewing the Related Party List before entering into a transaction or signing a check to confirm whether it is a potential Related Party Transaction.

Review Process for Related Party Transactions

Once a Related Party Transaction is identified, a Related Party Transaction Review Request (attached to this Policy) is completed and submitted to the Secretary or designated compliance officer who will then call a meeting of the Board of Directors to review the Related Party Transaction before it is entered into by the Association. The review required by this Policy shall be in addition to, and not in place of, the review process the Association would normally use to approve the transaction.

The Board of Directors must review and approve the proposed Related Party Transaction before the Association enters into the transaction. Specifically, the Board of Directors must confirm that the transaction is fair, reasonable and in the Association's best interests.

Any member of the Board of Directors who has an interest in the transaction (either directly, through a Relative or an organization in which a director or a Relative has a Controlling Interest) shall not participate in the vote, nor may the individual be present during voting or deliberations.

During the review process, the Board of Directors should review information from other providers (e.g., quote, proposals, etc.) to the extent they are available.

The Board of Directors shall also document its decision and deliberations in the meeting minutes.

Review Process for Conflicts of Interest

A potential Conflict of Interest should be disclosed as it arises for consideration by the Board of Directors, a committee or individuals reviewing the matter. If a potential Conflict of Interest is disclosed at a Board or committee meeting, the Board or committee shall review and determine whether an actual Conflict of Interest exists making sure to adequately document its decision and deliberations.

Any individual with an interest in the transaction may not participate in the vote, nor be present during voting or deliberations on the matter.

If a potential Conflict of Interest is identified by the Association, information regarding the potential conflict shall be provided to the designated compliance officer for a determination regarding whether an actual Conflict of Interest exists. If a Conflict of Interest exists, the designated compliance officer shall ensure that proper documentation is maintained to confirm that the transaction is fair and reasonable to the Association.

Any individual with an interest (either directly, through a Relative or an organization in which the director or a Relative as a Controlling Interest) may not participate in the approval of the transaction.

Quorum and Voting

Directors or committee members who must leave a meeting due to a Conflict of Interest or Related Party Transaction shall be deemed present for voting purposes regardless of whether the individual returns to the meeting.

Employee Conflicts of Interest

All employees should deal with vendors without any appearance of favor or preference based on personal considerations. Employees must, at all times, exercise their best skill, care, and judgment for the benefit of the Association and must refrain from being influenced by personal

considerations of any kind in the performance of their duties. Whenever a Conflict of Interest—or even a possible Conflict of Interest—exists, it must be fully disclosed, and the employee involved may then be required to refrain from participating in the consideration or determination of any transaction with the vendor.

Specifically, an employee of the Association with a potential Conflict of Interest in a particular matter shall promptly and fully disclose the potential conflict to his or her supervisor who shall then disclose the matter to the President or designated compliance officer. The President or designated compliance officer shall be responsible for determining the proper way for the Association to handle decisions which involve employee Conflicts of Interest. In making such determinations, the President or designated compliance officer may consult with legal counsel.

The President or designated compliance officer shall report to the Board of Directors at least annually concerning employee Conflicts of Interest that have been disclosed and contracts and transactions involving employee conflicts that the President or a designated compliance officer has approved.

Compensation Decisions

A compensation decision for a Related Party is a Related Party Transaction. All recommendations for such matters shall be referred to the Board of Directors for review in accordance with this Policy once a recommendation is made by the Executive Committee.

The Related Party shall not participate in the deliberations or voting on any matter relating to compensation such individual receives in any context (except expense reimbursement). Such individual may provide information to the Executive Committee or Board of Directors reviewing the compensation decision.

All compensation will be measured against an appropriate recognized survey or surveys for compensation (if applicable) of corresponding rank, position, and/or specialty in the same or a comparable geographic area as that of the Association. There shall be sufficient and adequate documentation to support the reasonableness and appropriateness of all compensation decisions. All deliberations regarding compensation of a Related Party shall be documented in the minutes of the Executive Committee and the Board of Directors.

Violations of Conflict of Interest Policy

If the Board of Directors determines that an individual has failed to comply with the policies and directives set forth in this Policy, it shall recommend or take appropriate corrective action.

RELATED PARTY TRANSACTION REVIEW REQUEST

Purpose: The purpose of this form is to provide sufficient information to the Board of Directors of The Cat Fanciers’ Association, Inc. (the “Association”) so that the Board of Directors may review certain transactions (“Related Party Transactions”) as required by the New York Not-for-Profit Corporation Law and the Association’s Conflict of Interest Policy.

Instructions: A staff member should complete this form when a Related Party Transaction is identified. Staff members should attach sufficient information to permit the Board of Directors to determine whether such transaction is fair and reasonable and in the Association’s best interests. Once completed, the staff member should submit this form along with any attachments to the Secretary or designated compliance officer for the Board of Directors consideration.

Describe the transaction, agreement, or other arrangement and how it will benefit the association:

List all Related Parties involved in the transaction and why they are considered a Related Party:

Describe the Related Party’s interest in the transaction and, if applicable, how that interest is deemed “substantial.”*

Describe how the Association or an affiliate is involved:

Describe generally the terms of the transaction and the amount(s) the Association will pay or be paid:

Describe any alternate transactions (to the extent available) and why the alternative transactions are not more favorable to the Association.**

* For this purpose, “substantial” shall mean any transaction (a) directly between the Association and the Related Party; or (b) between the Association and an entity in which the Related Party has a controlling interest as defined in paragraph (c) under the Related Party definition above.

**Alternate transactions are required where the Related Party has a substantial financial interest in the transaction. If in doubt, please include alternate transaction information.

Date: _____ Print Name: _____

Signature: _____

**THE CAT FANCIERS' ASSOCIATION, INC.
ANNUAL DISCLOSURE FORM**

It is important to provide complete and accurate information when filling out this form as incomplete information could result in penalties being assessed against you or your Relatives.

Provide information regarding any of the individuals or entities that fall within the categories described below:

- (a) who are currently a party to a transaction, agreement or other arrangement with The Cat Fanciers' Association, Inc. ("CFA")
- (b) who could potentially enter into a transaction, agreement, or other arrangement with CFA; or
- (c) who are directors/officers, are currently employed by, or volunteer for or otherwise are affiliated with CFA.

Please check the appropriate box regarding whether you have any disclosures for the following: **Yes** **No**

Yourself

Any of your Relatives including:

- spouse or domestic partner as defined in New York Public Health Law Section 2954-A;
- ancestors;
- brothers and sisters (whether whole or half-blood);
- children, grandchildren, or great-grandchildren (whether natural or adopted); and
- spouses or domestic partners of brothers, sisters, children, grandchildren, and great-grandchildren.

Any entity in which you or a Relative (collectively or individually) has a controlling interests. A controlling interest is defined as:

- for corporations, ownership (directly or indirectly) of more than 35% of the combined voting power;
- for partnerships or personal service corporations, ownership (directly or indirectly) of more than 5% of the profits interest; and
- for trusts or estates, ownership (directly or indirectly) of more than 35% of the beneficial interest.

Any entity in which you are an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee.

Please check the appropriate box regarding whether you have any disclosures for the following: Yes No

Note that this includes both for profit as well as nonprofit organizations.

If yes, please list all such individuals and entities including the specific relationship with you and CFA:

<u>Name of Individual or Entity</u>	<u>Type of Relationship with you and/or CFA</u>

Other Significant Involvement (e.g., membership on foundation boards, consultancies, advisory committees; active political or advocacy role; elected or appointed office) **which could impact your ability to serve as a disinterested party with respect to your position with the CFA:**

I have read and understand this annual disclosure form as well as the CFA’s Conflict of Interest Policy. The foregoing information is true and complete to the best of my knowledge.

In addition, I recognize the need to maintain confidentiality regarding information I might receive as a director, officer or staff member regarding donors, donations, investments, and grant making activities of the CFA.

REMINDER: If at any time there is a matter under consideration, which may constitute a direct or indirect conflict of interest, it is your obligation to disclose the facts to the Board of Directors involved, to abstain from voting and to refrain from using your personal influence on the matter.

Date: _____ Print Name: _____

Signature: _____