

THE CENTER FOR DISCOVERY, INC.

STATEMENT OF ETHICAL STANDARDS FOR OFFICERS, DIRECTORS AND KEY EMPLOYEES AND CONFLICT OF INTEREST DISCLOSURE FORM

The, Officers, Directors and Key Employees of The Center for Discovery, Inc. (CFD) are responsible for upholding a public trust. We are called to a higher standard of stewardship in order to meet the special privileges that our tax-exempt status allows. The Officer's, Director's and Key Employee's actions should meet or exceed these higher standards rather than only minimally satisfy the requirements of tax-exempt status. Areas of behavior to be avoided include personal actual or perceived conflicts of interest by Officers, Directors, Key Employees and their families and business associates, questionable investments, improper treatment of those we serve, improper use of funds raised (especially for personal remuneration), expensive and inefficient fundraising practices, failure to meet legal requirements and similar offenses.

POLICY ON POSSIBLE CONFLICTS OF INTEREST

The Board of Directors of The Center for Discovery, Inc. has adopted the following policy designed to avoid any possible conflict between the personal interests of Officers, Directors and Key Employees and the interests of CFD.

The purpose of this policy is to insure that decisions about CFD operations and the use and dispositions of CFD assets are made solely in terms of benefits to CFD and are not influenced by any private profit or other personal benefit to the individuals affiliated with CFD who take part in decision. In addition to actual conflicts of interest, Officers, Directors and Key Employees are also obliged to avoid actions that could be perceived or interpreted in conflict with CFD's interest.

Conflicts of interest may occur when CFD enters into transactions with not-for-profit organizations as well as those that are undertaken with profit making entities. The best way to deal with this problem is a full disclosure of all personal and business relationships with organizations that do business with CFD and to refrain from participation in decisions affecting transactions between CFD and those organizations. **Such relationships do not necessarily restrict transactions as long as the relationship is clearly divulged and non-involved members of the Board of Directors make any necessary decisions.**

POLICY

1. *Officers, Directors and Key Employees.* Any Officer, Director or Key Employee who may be involved in any CFD business transaction in which there is a possible conflict of interest will promptly notify the Chair of the Board, who will promptly notify the Board and any committee appointed to undertake review of the matter giving rise to the actual or possible conflict. The individual with the actual or possible conflict of interest shall not be present at, or participate in, Board or committee deliberations or voting on the matter giving rise to the actual or possible conflict, but may be called upon by the Board or committee to answer questions or provide additional information related to the proposed transaction. That individual is also prohibited

from attempting to influence the deliberations and / or voting of the Board or any committee reviewing and / or discussing the matter giving rise to the actual or possible conflict.

The Board Member's presence may not be counted in determining the quorum for any vote with respect to the CFD business transaction in which he or she has a possible conflict of interest. Furthermore, the Board Member will disclose a possible conflict of interest to the other members of the Board before any vote on the CFD business transaction and such disclosure will be recorded in the Board minutes of the meeting at which it is made. Any CFD business transaction which involves a possible conflict of interest with an Officer, Director or Key Employee or in any other manner could be considered a "related party transaction" will have terms which are at least as fair and reasonable to CFD as those which would otherwise be available to CFD if it were dealing with an unrelated party.

Any Director who meets the following criteria will be not considered an "independent director":

- has been an employee of, or has a relative who was or is a key employee of CFD or an affiliate of CFD in the past three years;
- has received, or has a relative who has received, \$10,000 or more in direct compensation from CFD or an affiliate in the past three years (other than expense reimbursement or reasonable compensation as a director); and / or
- is a current employee of, or has a substantial financial interest in, any entity that has made payments to, or received payments from, CFD or an affiliate of CFD for property or services in an amount that exceeds the lesser of \$25,000 or 2 percent of CFD's consolidated gross income in the past three years.

Any Board member who is not considered an "independent director" under this policy or applicable New York law will be prohibited from serving on the Audit Committee or Executive Committee of the Board.

The Board Chair, after receiving information about a possible conflict of interest, will take such action as is necessary, including but not limited to disclosure of the actual or possible conflict to the Board and/or to the Finance Committee to assure the transaction is completed in the best interest of CFD without the substantive involvement of the person who has the possible conflict of interest. **(This does not mean that the purchase or other transaction must necessarily be diverted, but simply that persons other than the one with the possible conflict will make the judgments involved and will control the transaction.)**

Statutory Standards: In order to approve the proposed transaction, the board or an authorized committee must find that the proposed transaction is "fair, reasonable and in the corporation's best interest." In doing so, the board or committee must:

- Consider the terms of the contract and any reasonable alternatives, to the extent available;
- Approve the transaction by a majority vote of the board or committee, and
- Document its findings in the corporation's records.

Each Director, Officer and Key Employee will complete the attached questionnaire on an annual basis.

The Board or Chair may, in its / his / her discretion, extend the requirement of filing the conflict

of interest disclosure form to those individual who hold a position in which they exercise substantial authority to commit CFD or an affiliate of CFD to contractual obligations or who make decisions related to substantial purchases by CFD or an affiliate of CFD.

A written record of any report of actual or possible conflict of interest and of any actions or adjustments made to avoid possible conflicts of interest will be maintained with the Board minutes.

2. *Definitions.*

- A. An “Officer” of CFD and affiliated organizations includes those individuals holding the office of Chair, Vice-Chair, Secretary and / or Treasurer of the organization. A “Director” includes those individuals holding the office of Director of CFD. A “Key Employee” includes those individuals holding the title of CEO, Chief Financial Officer and / or comparable titles.
- B. “Involved in a CFD business transaction” means initiating, making the principle recommendations for, or approving a purchase or contract; recommending or selecting a vendor or contractor; drafting or negotiating the terms of such transactions; or authorizing or making payments from CFD accounts. That language is intended to include not only transactions for CFD’s procurement of goods and services, but also for the sale or disposition of CFD property, and the provision of services or space by or to CFD.
- C. A “possible conflict of interest” is deemed to exist where the Director, Officer, Key Employee or a close relative (by blood or marriage) , or a members of that person’s household, is an officer, director, employee, proprietary owner, partner, or trustee of, or an owner individually or when aggregated with ownership interests of close relatives or members of the person’s household, of more than 5% of the controlling interest in an organization doing business or seeking to do business with CFD. A possible conflict is also considered to exist where such a person is (or expects to be) retained as a consultant or contractor by an organization which is doing business or is seeking to do business with CFD, or whenever a transaction will entail a payment of money or anything else of value to the official, member, to a close relative (by blood or marriage), or to a member of that person’s household.
- D. A “possible conflict of interest” exists when an individual affiliated with CFD has an interest in an organization which is in competition with a firm seeking to do business with CFD if the individual’s position gives him or her access to proprietary or other privileged information, which could benefit the firm in which he or she has an interest.
- E. A “possible conflict of interest” exists when an individual affiliated with CFD is a trustee, director, officer or employee of an organization which is seeking to do business with or have a significant connection with CFD or is engaged in activities which could be said in business context to be “in competition with” the programs of CFD.
- F. A conflict of interest exists when a family member (by blood or marriage) of an Officer or Director is employed by CFD or an affiliate of CFD.

G. No conflict of interest exists when the sole factor to be considered is that a Director, Officer, business associate or family member (by blood or marriage) receives services from CFD.

3. The policy statement will be made available to each Officer, Director and Key Employee, as well as to those individuals designated to file a conflict of interest form because they hold a position in which they exercise substantial authority to commit CFD to contractual obligations or who make decisions related to substantial purchases by CFD. Prior to the initial election of any director, and annually thereafter, directors must complete, sign and submit the attached acknowledgment concerning reporting of potential conflicts of interest.

I have read and understand CFD's policy on Potential Conflicts of Interest for Officers, Directors and Key Employees. I agree to report promptly any such interest, which arises in my conduct of CFD business and, in other respects, to comply with the policy and its procedures.

Signature

Date

THE CENTER FOR DISCOVERY, INC.

CONFLICT OF INTEREST QUESTIONNAIRE
FOR OFFICERS, DIRECTORS AND KEY EMPLOYEES
FOR THE YEAR ENDING DECEMBER 31, 20__

The The Center for Discovery, Inc. "Conflict of Interest Policy" is applicable to each Officer, Director and Key Employee, and others designated to file this form pursuant to CFD policy. Please return the completed questionnaire as soon as possible.

Where answers to questions below request information about interest of members of your family or household, answer them only on the basis of your knowledge. The period covered by the questionnaire is the **ONE YEAR** period of **January 1, 20__ to December 31, 20__**. In the event that any of these circumstances occur during any subsequent year, please notify the Board Chair promptly.

NAME: _____

Questions	YES (X)	NO (X)
While serving as an Officer, Director or Key Employee, have you received compensation, directly or indirectly, for services rendered to any other corporation, partnership or organization doing business with CFD?		
While serving as an Officer, Director or Key Employee, have you been paid compensation, directly or indirectly, for services rendered to any other corporation, partnership or organization doing business with CFD?		
Have you received remuneration for services provided or goods sold to CFD? If so, was the remuneration received at Fair Market Value (FMV), at cost or at another discounted value? Please describe the transaction on an attachment and provide the actual dollar value of the transaction.		
Have you, an individual with whom you have a business association, or any member of your family (by blood or marriage) or household had a direct or indirect interest in any firm that to your knowledge is a supplier or otherwise does business with CFD?		
Have you, an individual with whom you have a business association, or any member of your family (by blood or marriage) or household, received any gifts (other than those of nominal value), loans, or favors, from any person or firm doing business with CFD or which is a competitor of CFD?		
Have you, an individual with whom you have a business association, or any member of your family (by blood or marriage) or household, directly or indirectly, purchased real estate that you know to be of interest to CFD or sold real estate to CFD?		

Questions	YES (X)	NO (X)
Have you, directly or indirectly, revealed CFD confidential matters to persons not entitled to know the same or used CFD confidential information to promote your own interest?		
Do you, an individual with whom you have a business association, or any member of your family (by blood or marriage) or household, have any interest or arrangement which may violate the policy on conflict of interest or which may result in your compromising yourself or CFD?		
Except for minor traffic violations, were you ever convicted of any violation of the criminal law?		
Have you ever been involved in a hearing before an official body in relation to the operation of a home or institution caring for people?		
Are there any criminal actions pending against you?		
Are any of your family members (by blood or marriage) employed by CFD?		

If you have answered YES to any of the above questions, please explain below.

I have read and understand the agency policy regarding conflict of interest and have answered the above questions fully, accurately and truthfully, and I recognize the consequences of any incomplete, inaccurate or untruthful response.

Signature

Date