

FREE ARTS NYC POLICY DOCUMENTS

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FREE ARTS NYC PRIVACY POLICY

This policy covers the treatment of all personal information that Free Arts NYC collects from visitors to our web pages on www.freeartsnyc.org.

Free Arts NYC does not and will not disclose user or donor postal and e-mail addresses, telephone, fax or cell numbers or other personal information to any other party.

Keeping user personal information secure is a top priority for us. Personal information is private and confidential; accordingly, the information provided is stored in a secure location and is accessible only by designated employees, trained in the proper handling of customer information. Whenever Free Arts NYC should hire other organizations to provide support services, we will require them to conform to our privacy standards and allow us to audit them for compliance.

Individuals may remove themselves from our mailing list or email list at any time by e-mailing info@freeartsnyc.org. Free Arts NYC’s website may contain links to other sites. Unless expressly stated otherwise, Free Arts NYC makes no representations whatsoever concerning the content of those sites. There are risks associated with using any information, software, or products found on the Internet, and Free Arts NYC cautions users to make sure that they understand these risks before retrieving, using, relying upon, or purchasing anything via the Internet.

FREE ARTS FOR ABUSED CHILDREN OF NEW YORK CITY, INC.
(d/b/a FREE ARTS NYC)
CONFLICT OF INTEREST POLICY

ARTICLE I
General

Section 1.1 Purpose. The purpose of this conflict of interest policy (this “Policy”) is to protect the interests of Free Arts for Abused Children of New York City, Inc. (d/b/a Free Arts NYC), a New York charitable not-for-profit corporation (“Corporation”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer (“Officer”), director (“Director”), Key Employee (as defined below), or Affiliate (as defined below) of the Corporation or might result in a possible excess benefit transaction. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Section 1.2 Enforcement. The Board of Directors of the Corporation (“Board”) will be responsible for implementing and enforcing this Policy.

ARTICLE II
Definitions

For purposes of this Policy and in addition to the other defined terms appearing elsewhere in this Policy, unless the context requires otherwise, the following terms will have the respective specified meanings:

“Affiliate.” An Affiliate of the Corporation is any entity controlled by, in control of, or under common control with the Corporation. For the avoidance of doubt, “Affiliates” of the Corporation for the purposes of this Policy shall not include the Free Arts Affiliates listed on the Corporation’s website.

“Conflict of Interest.” A Conflict of Interest arises when a Related Party of the Corporation is in a position to benefit, either direct or indirectly, from a transaction, agreement or other arrangement entered into by the Corporation.

“Financial Interest.” A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or Relatives: (i) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement; (ii) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or (iii) an existing or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial. A Financial Interest is not necessarily a Conflict of Interest.

“Key Employee.” A Key Employee is any person who is in a position to exercise substantial influence over the affairs of the Corporation. Other than Directors and Officers, it may include, without limitation, a person who: (i) founded the Corporation; (ii) is a substantial contributor; (iii) has authority to control a substantial portion of the Corporation’s capital expenditures, operating

budget or employee compensation; (iv) manages a discrete segment or activity of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; (v) receives compensation primarily based on revenues derived from the Corporation's activities; or (vi) is highly compensated by the Corporation (e.g., receiving annual compensation greater than \$120,000). Persons who qualify as "Key Employees" of the Corporation will be so notified by the Corporation.

"Related Party." A Related Party is any of the following individuals or entities: (i) any Director, Officer, Key Employee, or member of a committee ("Committee") of the Corporation or any Affiliate of the Corporation; (ii) any Relative of any Director, Officer, Key Employee, or member of a Committee of the Corporation or any Affiliate of the Corporation; (iii) any entity in which any individual described in clauses (i) and (ii) of this definition has a 35 percent or greater ownership or beneficial interest; or in the case of a partnership, limited liability company or professional corporation, a 35 percent or more of the profits, (iv) any entity in which any individual described in clauses (i) and (ii) of this definition holds a position as member of the board of directors, Executive Director, or other equivalent position in the case of a partnership or professional corporation; or (v) any other employee, volunteer, independent contractor of, or substantial contributor to, the Corporation.

"Related Party Transaction." A Related Party Transaction is any transaction, agreement, or other arrangement in which a Related Party has a Financial Interest and in which the Corporation or any Affiliate of the Corporation is a participant; provided, that, where the Related Party is (i) a Relative of a Director, Officer, or Key Employee of the Corporation, or (ii) an entity in which such a Relative has an ownership or beneficial interest sufficient to render the entity a Related Party, a Related Party Transaction shall mean any transaction, agreement, or any other arrangement in which, to the knowledge of the Director, Officer, or Key Employee to which the Relative is related, a Related Party has a Financial Interest and the Corporation or any Affiliate of the Corporation is a participant. Related Party Transactions give rise to Conflicts of Interest.

"Relative." A Relative of an individual means such person's: (i) spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner.

ARTICLE III **Disclosure of Conflicts of Interest**

Section 3.1. Initial Disclosure. Each current Director, Officer and Key Employee, and contemporaneously with the initial election or appointment, any new Director, Officer or Key Employee who has not previously submitted disclosures to the Corporation under this Policy, will complete, sign, and submit to the Secretary of the Corporation ("Secretary") a written statement identifying, to the best of such person's knowledge and belief:

- (a) any entity of which such person (or Relative of such person) is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee or otherwise has an affiliation or association;
- (b) any transaction in which the Corporation is a participant in which such person might have a Conflict of Interest; and
- (c) any other material position or relationship that such person (or Relative of such person) may

have with any not-for-profit corporation.

The Secretary will provide a copy of all completed statements to the Board.

Section 3.2. Annual Statement. Each Director, Officer, Key Employee, and member of a Committee will annually sign a statement ("Annual Statement") which, in addition to containing any disclosure of Financial Interests which may pose a Conflict of Interest and are required to be disclosed under this Policy, affirms that such person:

- (a) has received a copy of this Policy;
- (b) has read and understands this Policy;
- (c) has complied, and will continue to comply, with this Policy; and
- (d) understands that the Corporation is charitable, and in order to maintain its U.S. federal tax exemption the Corporation must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The Annual Statement is attached hereto as Annex.

ARTICLE IV **Related Party Transactions**

Section 4.1. Limitation on Related Party Transaction. The Corporation will not enter into any Related Party Transaction unless the transaction is determined by the Board to be fair, reasonable, and in the Corporation's best interest at the time of such determination.

Section 4.2. Duty to Disclose. In connection with any actual or possible Related Party Transaction, a Related Party must disclose in good faith to the Board the existence of its Financial Interest and all material facts concerning such interest.

Section 4.3. Review Procedures.

- (a) A Related Party may make a presentation before a Board meeting with respect to an actual or possible Related Party Transaction, but after the presentation the Related Party will leave the meeting while the Board discusses and votes on the possible Related Party Transaction. The Related Party may not improperly influence the deliberation or voting on the possible Related Party Transaction.
- (b) If the Board determines that a Related Party Transaction exists, the Board Chair will, if appropriate, appoint a disinterested member of the Board or Committee ("Disinterested Directors") to investigate alternatives to the proposed Related Party Transaction.
- (c) If the proposed Related Party Transaction pertains to compensation for services or transfer of property or other benefit to a Related Party, the Disinterested Directors must determine that the value of the economic benefit provided by the Corporation to the Related Party does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data. In the event that the proposed Related Party Transaction does

not involve compensation for services or transfer of property or benefits to a Related Party, the Disinterested Directors must consider alternative transactions to the extent possible.

- (d) After exercising due diligence, the Board will determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from an individual or entity that would not constitute a Related Party Transaction.
- (e) If a more advantageous transaction or arrangement which does not constitute a Related Party Transaction is not reasonably available under the circumstances, the Board will determine, by a majority vote of the Board members present at the meeting, whether the Related Party Transaction is in the Corporation's best interest, for its own benefit, and fair and reasonable; provided, that, in the event that the Related Party involved in such Related Party Transaction at issue is a Director, then such Director shall neither count towards the total number of Directors present at the meeting nor be permitted to vote on such matter. In conformity with the foregoing determination, the Board will make its decision as to whether the Corporation can enter into the Related Party Transaction.
- (f) The Board will contemporaneously document in writing the basis for the Board's approval, including its consideration of any alternative transactions.

ARTICLE V **Violations of Policy**

If the Board has reasonable cause to believe that an Officer, Director, or Key Employee has failed to disclose an actual or possible Conflict of Interest, including a Related Party Transaction, it will inform the Officer, Director, or Key Employee of the basis for such belief and afford the Officer, Director, or Key Employee an opportunity to explain the alleged failure to disclose. If, after hearing the Officer's, Director's, or Key Employee's response and/or presentation and after making further investigation and conducting due diligence as warranted by the circumstances, the Board determines that the Officer, Director, or Key Employee has failed to disclose an actual or possible Conflict of Interest, it will take appropriate disciplinary and corrective action.

ARTICLE VI **Records of Proceedings**

The minutes of any meeting of the Board at which a possible or existing Conflict of Interest, including a Related Party Transaction, was discussed or voted upon will contain:

- (a) the names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible Conflict of Interest;
- (b) any action taken by the Board to determine whether a Conflict of Interest was present;
- (c) the Board's decision as to whether a Conflict of Interest existed;
- (d) the names of the persons who were present for discussion and votes relating to the transaction or arrangement;
- (e) the content of the discussion (including any alternatives to the possible or existing

Related Party Transaction); and

- (f) a record of any votes taken in connection with the proceedings.

ARTICLE VII
Voting; Non-Participation

Section 7.1. Voting. No Director who discloses a Financial Interest or Conflict of Interest shall participate in deliberations of or vote on any matter concerning such Financial Interest or giving rise to such Conflict of Interest.

Section 7.2. Non-Participation. The Board or members of a Committee may, by majority vote, ask any Director, Officer or Key Employee who has a Financial Interest in a matter not to participate, or to leave the room at the board meeting or committee meeting in which discussion regarding that matter is carried on; provided, however, that such Director, Officer or Key Employee may participate in any discussion regarding his or her exclusion from the meeting.

ARTICLE VIII
Attempts to Influence

Directors, Officers and Key Employees shall not attempt to influence other Directors, Officers or Key Employees regarding matters (their deliberating or voting thereof) in which they have a Financial Interest, without first disclosing such Financial Interest.

ARTICLE IX
Compensation

A Director who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Director's compensation. A voting member of any Committee whose responsibilities include compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation. However, no Director or Committee member whose responsibilities include compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any Committee regarding compensation. For this purpose, the reimbursement of reasonable expenses incurred to carry out a person's duties to or for the Corporation will not be considered compensation.

ARTICLE X
Periodic Reviews

To ensure that the Corporation operates in a manner that is consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board will conduct periodic reviews of the Corporation's arrangements, which will, at a minimum, include the following subjects:

- (a) whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining; and

- (b) whether partnerships, joint ventures, transactions, and arrangements with other organizations conform with the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or excess benefit.

ARTICLE XI
Use of Outside Experts

When conducting the periodic reviews as provided for in this Policy, the Board may, but need not, use outside advisers or experts. If outside persons are used, their use will not relieve the Board of its responsibility to ensure that periodic reviews are conducted.

ARTICLE XII
Repeal or Amendment

This Policy may be repealed or amended from time to time by the Board in accordance with the Corporation's Bylaws.

FREE ARTS FOR ABUSED CHILDREN OF NEW YORK CITY, INC.
(d/b/a FREE ARTS NYC)
WHISTLEBLOWER POLICY

Introduction

Free Arts for Abused Children of New York City, Inc. (d/b/a Free Arts NYC) (“Free Arts NYC”) is committed to the highest standards of ethical conduct and requires its board members, officers, employees and volunteers to observe high standards of business and personal ethics in the conduct of their duties and to comply with all applicable laws and regulations and the adopted policies of Free Arts NYC.

As employees and representatives of Free Arts NYC, we must practice honesty and integrity in fulfilling our responsibilities and preserve Free Art NYC’s reputation and standing in our community. Free Arts NYC’s reputation for acting in accordance with the highest standards of ethical conduct is one of its most valuable assets. The assistance of all its personal in preserving this asset is both expected and sincerely appreciated.

Report of Violations

In accordance with the procedures set forth in this policy, all Free Arts NYC’s board members, officers, employees and volunteers have the duty to report to the Executive Director any of the following situations in case they arise in connection with the activities, personnel, business or assets of Free Arts NYC:

- suspected accounting or auditing irregularities;
- fraud, theft, embezzlement, bribery or kickbacks;
- misuse of assets;
- violations of Free Arts NYC’s adopted policies; and
- suspected regulatory, compliance or ethics-related issues, concerns or violations.

All such violations (hereinafter “violations”) may be reported, without fear of retaliation, within Free Arts NYC prior to seeking a resolution outside the organization. Reports regarding violations by entities with which Free Arts NYC partners or does business may also be made through the mechanisms established under this policy (e.g., vendors, service providers or consultants). Nothing in this policy shall prohibit any individual from reporting any suspected violation of law or regulation to law enforcement or any appropriate governmental agency in accordance with the applicable law.

This policy is not a vehicle for reporting violations of Free Arts NYC’s applicable human resources policies, problems with co-workers or managers, or for reporting issues related to alleged employment discrimination or sexual or any other form of unlawful harassment, all of which should be dealt with in accordance with the relevant policies and procedures of Free Arts NYC.

Reporting Procedure

Free Arts NYC has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor’s response, or your concerns involve violations by your supervisor, you are encouraged to report such concerns or violations directly to the Executive Director. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal

violations in writing to the Executive Director who has the responsibility to investigate all reported complaints per below. Employees with concerns or complaints may also submit their concerns in writing directly to the Executive Director.

Executive Director
Liz Hopfan
1431 Broadway, 7th Floor
New York, NY 10018
(212) 974-9092

Reporting Responsibility

This policy is intended to encourage and enable employees and others to raise serious concerns internally so that Free Arts NYC can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of Free Arts NYC's adopted policies, business and personal ethical standards, or suspected violations of law or regulations that govern Free Arts NYC's operations.

Confidentiality

In order to encourage Free Arts NYC's board members, officers, employees and volunteers to come forward, all reports made through the mechanisms established under this policy will be treated as confidential to the extent possible, consistent with the need to conduct an adequate investigation. However, Free Arts NYC cannot and does not guarantee confidentiality in all cases. Identification of the reporting source to appropriate persons is often necessary to enable Free Arts NYC or law enforcement officials to effectively investigate the report. Concerns may also be reported on an anonymous basis by mail addressed to the Executive Director.

No Retaliation

It is contrary to the values of Free Arts NYC for anyone to retaliate against any board member, officer, employee or volunteer who in good faith reports an ethics violation, or a suspected violation, such as a complaint of discrimination, or suspected fraud, or suspected violation of any policies or regulations governing the operations of Free Arts NYC (hereinafter "whistleblower") or who assists in an investigation of reported violation(s). Any Free Arts NYC individual who retaliates against a whistleblower or someone who assists in an investigation of violations reported by a whistleblower is subject to discipline, up to and including termination of employment or removal from position or office.

Prohibited retaliatory conduct includes, but is not limited to, threats or actions that adversely affect the terms or conditions of employment, threats of physical harm or threats or pecuniary harm.

Any whistleblower who feels threatened or feels that he or she has been retaliated against because of his or her reporting under this policy should immediately notify the Executive Director; provided, that, in the event that the individual allegedly retaliating against the whistleblower is the Executive Director, then the whistleblower shall immediately notify a board member. All charges of retaliation shall be investigated.

Role of Executive Director

All reports of violations under this policy will be promptly investigated by the Executive Director, who will take the appropriate corrective action if warranted by the investigation. Except as otherwise provided, in general, the Executive Director is responsible for conducting or determining how an investigation is to be conducted. The Executive Director shall be responsible for advising the Board of Directors of any complaints received as well as the outcome of the investigation and any action taken. Notwithstanding anything herein to the contrary, the scope, manner and parameters of any investigation of a reported violation shall be determined by the Executive Director in its or his or her sole discretion, and Free Arts NYC and its employees shall cooperate as necessary in connection with any such investigation.

Notwithstanding any of the foregoing, in the event that violations have been reported against the Executive Director, the responsibilities set forth in the preceding paragraph of the Executive Director regarding investigation and corrective action (if any) shall be assigned to the board member to whom the reports of violations have been brought or another board member designated by the Board of Directors.

Acting in Good Faith

Anyone reporting a violation under this policy must act in good faith. Any allegations that prove to have been made maliciously or with knowledge of its falsity will be viewed as a serious disciplinary offense.

Records

Unless otherwise required by Free Arts NYC's document and record retention policy in effect from time to time, all records relating to any complaint made under this policy and to the investigation and resolution thereof shall be kept on a strictly confidential basis for a period of seven years.

All such records shall be considered as confidential and privileged.

Distribution of Policy

This policy shall be distributed to all directors, officers, employees of, and volunteers who provide substantial services to, Free Arts NYC.

FREE ARTS FOR ABUSED CHILDREN OF NEW YORK CITY, INC.
(d/b/a FREE ARTS NYC)
DOCUMENT RETENTION POLICY

ARTICLE I
Statement of Policy

Free Arts for Abused Children of New York City, Inc. (d/b/a Free Arts NYC) (“Free Arts”) is a charitable organization formed exclusively for the purposes set forth in its certificate of incorporation. This document retention policy (this “Policy”) is adopted to ensure that documents generated by, or in the possession of, Free Arts are properly maintained as long as they serve a function for achieving such purposes of Free Arts, and to comply with law or regulations. “Documents” shall include all written correspondence, e-mails, voice mails, memos, financial records and all other records in whatever media, which pertain to Free Arts’ activities and are generated in the ordinary course of Free Arts’ activities.

ARTICLE II
Retention of Documents

Documents should be retained for as long as they serve a useful purpose for Free Arts, or as required by law or regulations, whichever is longer. Attached as an Exhibit to this Policy is a list of retention periods for Documents that may be generated by Free Arts. Documents of the types listed in the Exhibit shall be retained for the period indicated in the Exhibit or such other longer period as required by law or regulations. In addition, any Documents which may be relevant to any pending or threatened litigation or governmental investigation shall be retained during the course of such litigation or investigation, or until it is definitively determined that they are not relevant.

Documents to be retained in accordance with this Article II may be retained in their original form (if electronic or paper) or scanned and converted into electronic records (if paper); provided that if the original paper form has been identified as critical to the legal validity of such records or as necessary by a member of the Board of Directors or an officer of Free Arts, then the paper records shall be retained in their original form in accordance with this Policy.

ARTICLE III
Destruction of Documents

Documents shall be destroyed in the ordinary course of business when they are no longer subject to retention in accordance with Article II of this Policy. No Documents shall be subject to destruction which may be relevant to any pending or threatened litigation or governmental investigation. Any questions as to the relevancy of Documents to pending or threatened litigation or governmental litigation shall be decided by the Executive Director of Free Arts or such officer appointed by the Board of Directors of Free Arts from time to time.

ARTICLE IV
Conflict of Laws

Other state or federal laws or regulations relating to retention or destruction of Documents shall apply where the provisions of those laws or regulations are more stringent than this Policy.

EXHIBIT

Type of Document	Minimum Retention Requirement
Audit reports	Permanently
Articles of incorporation and bylaws	Permanently
Annual reports	7 years
Authorizations for expenditures	3 years
Bank reconciliations and statements	7 years
Board resolutions	Permanently
Board & committee agendas, papers, and files	7 years
Board & committee conflict of interest disclosure forms	7 years
Board & committee minute book	Permanently
Budgets	3 years
Cash receipt log	7 years
Checks (for payments and purchases over US\$5,000)	Permanently
Claims and litigation files	10 years
Contracts, mortgages, notes and leases (expired)	10 years
Contracts (still in effect)	Permanently
Correspondence (general)	3 years
Correspondence (legal and important matters)	Permanently
Correspondence (with vendors)	3 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Donation and fundraising receipts and records (both cash and in-kind)	Permanently
Duplicate deposit slips	3 years
Employment applications	3 years
Employee expense reports	3 years
Employee handbook	Permanently
Employee payroll records (including tax returns)	6 years
Employee personnel files	Permanently
Employment contracts (still in effect)	Permanently
Employment contracts (expired)	10 years
Expense analyses/expense distribution schedules	7 years
Financial statements	Permanently
Funding agreements (signed) & correspondence relating to terms of funds	Permanently
Insurance policies (expired)	6 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports and work papers	3 years
Inventories of products, materials, and supplies	7 years
Invoices from vendors	7 years
IRS Form I-9	1 year after end of service
Ledgers (accounts payable, accounts receivable, general ledger, journal entries, chart of accounts)	Permanently
IRS exemption determination, application & related	Permanently

correspondence	
Media releases	Permanently
Non-minor volunteers' liability waivers	3 years
Patents and related papers	Permanently
Payroll records and summaries	7 years
Permission slips for youth participants	Permanently
Personnel files (terminated employees)	7 years
Petty cash vouchers	3 years
Policies (Conflicts of Interest, Whistleblower, etc.)	Permanently
Publications and photos	7 years
Retirement and similar records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

EXECUTIVE COMPENSATION POLICY

The chief executive's compensation package is an important component of a board's responsibility for managing the executive. Putting together a compensation package is a complex activity. It is tied to who the chief executive is expected to be as a professional and to what the chief executive is expected to do for the organization. While very personal for those involved, it is also very public; if over \$50,000, the total amount of compensation must be disclosed on the IRS Form 990 and it must comply with stringent legal requirements. The Executive Committee meets independent of the Chief Executive to discuss performance relative to the position description. During these deliberations, the committee also considers input obtained from other board members, staff, professional advisors, grant recipients, and other informed community leaders. Once a consensus is reached regarding performance, a similar discussion is held concerning compensation relative to annual benchmark and established objectives. The committee presents its findings and recommendations, in an executive session without the chief executive present, to the full board for review and approval. The committee and/or the board chair (a member of the committee) then meet with the chief executive to discuss and document strengths, weaknesses, and goals for the upcoming year. Compensation for the upcoming year is also discussed and documented.