

NORTH WOODSIDE CITIZENS' ASSOCIATION, INC.
CONFLICT OF INTEREST POLICY

Section 1: Purpose

This policy is intended to identify, evaluate, and address any real, potential, or apparent conflicts of interest that call into question the duty and undivided loyalty of the Board of Directors and Committee Chairs to the North Woodside Citizens' Association Inc. (NWCA).

This policy is intended to apply when NWCA has or is contemplating entering into a transaction or arrangement that might benefit the private interest of a Board Member or Committee Chair 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 conflict of interest applicable to nonprofit and charitable organizations.

Section 2: Definitions

a. Interested Person

Any member of the Board of Directors and/or any Committee Chair who has a direct or indirect financial interest, as defined below, is an interested person.

b. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which NWCA has, or is considering, a transaction or arrangement;
2. A compensation arrangement with any entity or individual with which NWCA has, or is considering, a transaction or arrangement; or
3. Serves, or a family member serves, as a director, trustee, officer, or employee of any entity or individual with which NWCA has, or is considering, a transaction or arrangement.

"Family" includes the spouse, ancestors, children, grandchildren, great grandchildren, siblings (whether by whole or half-blood) and the spouses of ancestors, children, grandchildren, great grandchildren, and siblings.

Section 3: Procedures

a. Duty to Disclose

An interested person must disclose the existence of a financial interest, and

possible conflict of interest, as soon as it becomes known.

b. Determining Whether a Conflict of Interest Exists

After the interested person discloses the possible conflict of interest, the Board shall apply the following procedures to determine whether a conflict of interest actually exists:

1. The Board shall give the interested person an opportunity to disclose all material facts to the Board;
2. The interested person may not participate in the Board's discussion or decision and must recuse him or herself from the meeting during the discussion and decision;
3. The Board shall take into account the information the interested person provided along with any reports, or recommendations from any applicable committee of the Board;
4. The Board shall determine by majority vote whether a conflict of interest exists;
5. If the Board determines that a conflict of interest does not exist, no further review shall be necessary beyond that required in the ordinary course of business;
6. If the Board determines that a conflict of interest exists, the Board shall address the conflict of interest as provided in Section 3 below; and
7. A record of the Board's discussion and determination shall be made as outlined in Records of Proceedings Section.

c. Addressing a Conflict of Interest

If the Board determines that a conflict of interest exists, the Board shall address the transaction or arrangement giving rise to the conflict of interest using the following procedures:

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1. The interested person may make a presentation to the Board and be available to answer questions and provide additional information, but the interested person may not otherwise attempt to intervene with or influence the Board's

discussion or decision on the transaction or arrangement;

2. The interested person must excuse themselves during the discussion and decision process;
3. The Board shall exercise due diligence in determining if the value of the transaction or arrangement may be more or less advantageous when compared to the value of transactions or arrangements that would not give rise to the conflict of interest;
4. As part of its investigation, the Board shall, if appropriate, appoint a disinterested person or committee to investigate market information and alternatives to the transaction or arrangement, including obtaining comparability;
5. If a more advantageous transaction or arrangement is not reasonably possible, then the Board shall decide, by majority vote, whether to approve the transaction or arrangement giving rise to the conflict of interest on the grounds that it is (1) in the best interests of, (2) is for the benefit of, and (3) fair and reasonable to NWCA; and
6. A record of the discussion and the Board's determination shall be made as outlined in the Records of Proceedings section.

d. Violation of the Duty to Disclose

1. If the Board has reasonable cause to believe an interested person has failed to disclose an actual or possible conflict of interest, the Board shall inform the interested person of the basis for the belief and afford the interested person an opportunity to explain the situation.
2. If the Board, after hearing the interested person's response and making further investigation as warranted by the circumstances, determines the interested person has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action which may include termination from the Board.

3. Each Board and Committee Chair is responsible for reporting to the Board any suspected failure to disclose by any interested person, regardless of position.

e. Excess Benefit Transaction

1. An excess benefit transaction is a transaction in which NWCA directly or indirectly, provides an economic benefit to, or for the use of, any person described below when the value of the benefit exceeds the value of the consideration (including the performance of services) received by NWCA.
2. For purposes of this section a person is anyone who exercised substantial influence over the affairs of NWCA at any time during a five-year lookback period. This includes, but is not limited to, current and former Directors, Committee Chairs, and family members.
3. NWCA may not engage in any transaction or arrangement that results in an excess benefit transaction. Under Internal Revenue Code section 4958, the IRS can levy taxes, referred to as intermediate sanctions, on both the person who participated in the excess benefit transaction and any manager of NWCA who knowingly approved the transaction.
4. If an excess benefit transaction has occurred, NWCA shall correct the violation following the rules of Code section 4958.

Section 4: Confidentiality

- a. NWCA shall maintain the confidentiality of any disclosures made in connection with this policy and limit access to the information.
- b. Anyone privy to confidential information shall exercise care not to use, publish, or disclose the information acquired in connection with disclosures of actual, potential, or perceived conflicts of interest during or subsequent to their association or participation on the Board.

Section 5: Records of Proceedings

All discussion and decision-making under this policy shall be recorded in the minutes of the Board and shall contain the following:

- a. Conflict of interest Discussion and Determination. The names of the person(s) who disclosed or otherwise was found to have a possible or actual conflict of interest, the

interest was present, whether the interested person was present during the determination, any committee recommendations to the Board, and the Board's decision as to whether a conflict of interest in fact exists.

- b. **Transaction and Arrangement Discussion and Decision.** The names of the person(s) who were present for discussions and votes by the Board relating to a proposed transaction or arrangement giving rise to a conflict of interest or to an excess benefit transaction, the content of the discussion (including any alternatives to the proposed transaction or arrangement), and a record of any votes taken in connection with the proceedings.
- c. **Comparability Data.** All comparability data used to evaluate a transaction or arrangement.

Section 6: Use of Outside Experts

When conducting a conflict of interest review and determination, NWCA may engage outside experts. The use of outside experts does not relieve the Board of its fiduciary duties or responsibilities when considering a possible transaction or arrangement with an interested person.

Section 7: Amendment Policy

NWCA, by action of the Board, may amend, modify, or delete the provisions of this policy at any time without notice.

Section 8: Annual Affirmation

All Directors and Committee Chairs of NWCA shall annually affirm that

- a. Have received a copy of this policy;
- b. Have read and understand this policy;
- c. Have agreed to comply with this policy;
- d. Have no conflict of interest to report or are reporting current and previously unreported conflicts of interest; and
- e. Understand NWCA is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax exempt purposes.

The undersigned hereby affirms that this policy was adopted and implemented by a unanimous

vote at a meeting of the Board on the date below.

A handwritten signature in cursive script that reads "Renee Schoof". The signature is written in black ink and is positioned above the typed name and title.

Renee Schoof, Secretary
North Woodside Citizen's Association
Inc. Date: Feb. 9, 2026