NAZAREE COMMUNITY DEVELOPMENT CORPORATION

An Alabama Non-Profit Corporation

CONFLICT OF INTEREST POLICY AND AGREEMENT

ARTICLE I
PURPOSES

It is important for Nazaree Community Development Corporation directors, officers, and staff to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting the affairs of the corporation and that the appearance of conflict can be troublesome even if there is in fact no conflict whatsoever. Conflicts occur because the many persons associated with the corporation should be expected to have, and do in fact generally have multiple interests and affiliations and various positions of responsibility within the community. In these situations a person will sometimes owe identical duties of loyalty to two or more corporations. The purpose of the conflict of interest policy is to protect the corporation's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or might result in a possible excess benefit transaction. The policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations.

Conflicts are undesirable because they potentially or eventually place the interests of others ahead of the corporation's obligations to its charitable purposes and to the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, the long-range best interests of the corporation do not require the termination of all association with persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

Each member of the board of directors and the staff of the corporation has a duty of loyalty to the corporation. The duty of loyalty generally requires a director or staff member to prefer the interests of the corporation over the director's/staff's interest or the interests of others. In addition, directors and staff of the corporation shall avoid acts of self-dealing which may adversely affect the tax-exempt status of the corporation or cause there to arise any sanction or penalty by a governmental authority.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

ARTICLE II
DEFINITIONS

Section 1 Interested Person.

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

Section 2 Financial Interest.

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

a. An ownership or investment interest in any entity with which the corporation has a transaction or arrangement,

b. A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

d. For the purposes of this policy, "family" or "related persons" includes any individual living in the same home as the interested person, as well as any domestic partner, child, parent, or sibling, and any entity (trust, estate, or corporation) controlled by the interested person as defined under Alabama Code § 10A-3A-1.60.

Section 3 Qualified Director.

A "qualified director" is any director who, at the time of a vote on a conflict of interest transaction or a corporate opportunity, does not have a material financial interest in the matter

and does not have a material relationship (familial, financial, or professional) with the interested person, as defined by Alabama Code § 10A-3A-1.60.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists. "For the purposes of this policy, a gift, favor, or service is considered 'insubstantial' if its retail value is $100.00 or less per occurrence and does not exceed an aggregate of $250.00 from the same source in a single fiscal year. Such items do not require formal board disclosure unless they are intended to influence a specific corporate decision." The corporation also seeks to prevent conflicts of interest between its programs and its target population. No volunteer or staff member shall process an application for assistance for a member of their immediate family or household.

A director is not "qualified" if they have a material relationship—familial, financial, or professional—with the interested person that would reasonably be expected to impair their objectivity when voting on the matter.

ARTICLE III
PROCEDURES

Section 1 Duty to Disclose.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement

Section 2 Determining Whether a Conflict of Interest Exists.

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. The determination of whether a conflict exists shall be made by a majority vote of the qualified directors present.

Section 3 Procedures for Addressing the Conflict of Interest.

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chair of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

e. The transaction or arrangement shall be approved only if it receives the affirmative vote of a majority of the qualified directors on the board. The interested person may be present for the initial presentation and to answer questions but must leave the room for the final discussion and the vote.

f. Provided that the disclosure and approval procedures in this Article are followed, the transaction or arrangement shall be entitled to the full protections against judicial relief, damages, or being voidable as provided under Alabama Code § 10A-3A-8.61.

Section 4 Violations of the Conflicts of Interest Policy.

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the

member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

c. Any director, officer, or volunteer who reports a suspected undisclosed conflict of interest in good faith shall be protected under the corporation's Whistleblower Policy (Bylaws Article XII, Section 2). Retaliation against any individual for making such a report is strictly prohibited.

d. Any transaction that results in an "excess benefit" to a disqualified person may subject that individual and the board members who approved it to intermediate sanctions, including excise taxes under Internal Revenue Code Section 4958. Corrective action under this policy may include the requirement to return the excess benefit to the corporation to protect the organization's tax-exempt status.

Section 5 Quorum for Conflicting Interest Transactions.

In accordance with Alabama Code § 10A-3A-8.60, a director who has a financial interest in a matter may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee which authorizes the contract or transaction, even though that director is not permitted to vote on the matter.

ARTICLE IV
CORPORATE OPPORTUNITIES

Section 1 Disclosure.

If a director or officer becomes aware of a business opportunity that is within the corporation's line of business, they must disclose that opportunity to the board of directors before pursuing it for their personal benefit.

Section 2 Disclaimer.

The individual may only pursue the opportunity personally if the Board, through a majority vote of qualified directors, formally disclaims the corporation's interest in said opportunity.

ARTICLE V
RECORDS OF PROCEEDINGS

Section 1 Minutes.

The minutes of the governing board and all committees with board delegated powers shall 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, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, 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. The minutes shall also record the specific comparability data (such as independent bids or market research) relied upon by the board to determine that the transaction was fair and reasonable to the corporation.

ARTICLE VI
COMPENSATION

Section 1 A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation. Furthermore, any board member with a material familial, financial, or professional relationship with said individual shall also be precluded from voting on that specific compensation matter to ensure a disinterested determination.

Section 2 A voting member of any committee whose jurisdiction includes 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.

Section 3 No voting member of the governing board or any committee whose jurisdiction includes 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.

Article VII
Annual Statements and Training

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands that the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

In addition to these annual statements, the corporation shall provide a conflict of interest briefing for all staff and regular volunteers during their initial onboarding and on an annual basis thereafter. This training is designed to ensure that all individuals representing Nazaree Community Development Corporation understand how to identify and disclose potential conflicts, particularly in the processing of applications for the target population. The corporation shall maintain a permanent record of all training materials and signed attendance logs to verify that this requirement has been met for all covered individuals.

ARTICLE VIII
PERIODIC REVIEWS

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information (such as IRS Form 990 data from similar Alabama non-profits or independent salary surveys) and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management corporations conform to 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 in an excess benefit transaction.

ARTICLE IX
USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

CERTIFICATE OF ADOPTION OF CONFLICT OF INTEREST POLICY AND AGREEMENT

I do hereby certify that the above stated Conflict of Interest Policy and Agreement for Nazaree Community Development Corporation was approved and adopted by the board of directors during the meeting held on 05 / 31 / 2024 and constitute a complete copy of the Conflict-of-Interest Policy of the corporation.

Kathryn L. Kirn

Secretary

Date: 05 / 31 / 2024