

MENUS FOR CHANGE INC.

CONFLICT OF INTEREST POLICY

The Board of Directors ('Board') of Menus for Change Inc. ('Organization') recognizes the need for a conflict of interest policy to govern its actions and decisions concerning conflict of interest issues. The Board adopts and establishes the following Conflict of Interest Policy ('Policy'):

Article I. Purpose and Construction

The Organization is a nonprofit corporation and exempt organization whose Directors, officers and managers are chosen to serve the purposes to which the Organization is dedicated. These persons have a duty to conduct the affairs of the Organization in a manner consistent with such purposes and not to advance their personal interests. This Policy is intended to permit the Organization and its board, officers and managers to identify, evaluate, and address any real, potential, or apparent Conflicts of Interest that might, in fact or appearance, call into question their duty of undivided loyalty to the Organization.

This Policy applies to transactions and arrangements that relate to people currently involved with the Organization as well as people who had a close relationship with the Organization in the past. All directors, officers, and employees of the Organization must read, understand, and agree to abide by this Policy.

This Policy is intended to be consistent with the state or federal laws governing conflicts of interest and prohibited transactions applicable to exempt organizations like the Organization. If a provision in the Policy is inconsistent with applicable law, the law will take precedence.

Article II. Definitions

Several terms are capitalized throughout this Policy. When capitalized, those terms shall have the following meanings:

1. Conflict of Interest

A "Conflict of Interest" arises when, in the judgment of the Board, any of the following apply:

- a. The outside interests or activities of an Interested Person interfere or compete with the Organization's interests;
- b. The stake of an Interested Person in a transaction or arrangement will reduce the likelihood that the Interested Person can exercise his or her influence impartially and in the best interests of the Organization;
- c. An Interested Person has divided loyalties; or

- d. An Excess Benefit Transaction would occur.

2. **Covered Interest**

A “Covered Interest” is any interest a person has with the Organization or with another entity that the Organization has or is considering a transaction or arrangement. The interest may be held directly or indirectly through business, investment, or family connections. These interests include:

- a. An ownership or investment interest;
- b. A potential ownership or investment interest;
- c. A compensation arrangement; or
- d. Any other legal commitment or financial incentive to act for the benefit of another entity or individual (including board appointments, employment positions, or volunteer arrangements).

For the purposes of this definition, compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

3. **Disqualified Person**

A “Disqualified Person” is any person who exercised substantial influence over the affairs of the Organization at any time during a five-year lookback period. This includes, but is not limited to, current and former directors, officers, and Related Parties.

4. **Excess Benefit Transaction**

An “Excess Benefit Transaction” is a transaction in which the Organization, directly or indirectly, provides an economic benefit to or for the use of a Disqualified Person *and* the value of the benefit exceeds the value of the consideration (including the performance of services) received by the Organization.

5. **Interested Person**

An “Interested Person” is any director, officer, or employee of the Organization who has a Covered Interest.

6. Related Party

A “Related Party” is:

- a. Any “relative” of an Interested Person, which for purposes of this definition includes the spouse, ancestors, children, grandchildren, great grand-children, siblings (whether by whole or half-blood), and the spouses of ancestors, children, grandchildren, great grandchildren, and siblings;
- b. Any entity in which an Interested Person or relative of an Interested Person serves as a director, trustee, officer, or employee;
- c. Any entity in which an Interested Person or relative of an Interested Person has a thirty-five percent (35%) or greater ownership or beneficial interest; and
- d. Any partnership or professional corporation in which any Interested Person or relative of an Interested Person has a direct or indirect ownership interest in excess of five percent (5%).
- e. Any other entity in which an Interested Person or relative of an Interested Person has a material financial interest.

Article III. Conflicts of Interests and Excess Benefit Transactions

1. Duty to Disclose a Conflict of Interest

If an Interested Person has a Covered Interest in connection with a transaction or arrangement that the Organization is considering, the Interested Person must disclose to the Board the existence of the Covered Interest and possible Conflict of Interest as soon as it becomes known.

2. 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:

- a. The Board shall give the Interested Person an opportunity to disclose all material facts to the Board;
- b. 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 or decision;
- c. 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;
- d. The Board shall determine by majority vote whether a Conflict of Interest exists;

- e. 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;
- f. If the Board determines that a Conflict of Interest does exist, the Board shall address the Conflict of Interest as provided in Section 3 below; and
- g. A record of the Board's discussion and determination shall be made as outlined in Records of Proceedings Article.

3. Addressing a Conflict of Interest in a Proposed Transaction or Arrangement

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

- a. 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;
- b. The Interested Person must excuse himself or herself during the discussion and decision process;
- c. The Board shall exercise due diligence in determining if the value of the proposed 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;
- d. As part of its investigation, the Board shall, if appropriate, appoint a disinterested person or committee to investigate market information and alternatives to the proposed transaction or arrangement, including obtaining comparability;
- e. 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 the Organization; and
- f. A record of the discussion and the Board's determination shall be made as outlined in the Records of Proceedings Article.

4. **Violation of the Duty to Disclose**

- a. 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.
- b. 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.
- c. Each director, officer, and employee is responsible for reporting to the Board any suspected failure to disclose by any Interested Person, regardless of position.
- d. Conduct that violates this Policy is always considered outside the scope of employment of any Employee acting on behalf of the Organization.

5. **Excess Benefit Transaction**

- a. The Organization 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 Disqualified Person who participated in the Excess Benefit Transaction and any manager of the Organization who knowingly approved the transaction.
- b. If an Excess Benefit Transaction has occurred, the Organization shall correct the violation following the rules of Code section 4958.

Article IV. Confidentiality

- a. The Organization shall maintain the confidentiality of any disclosures made in connection with this Policy and limit access to the information.
- b. Each director, officer, and employee shall exercise care not to use, publish, or disclose confidential information acquired in connection with disclosures of actual, potential, or perceived Conflicts of Interest during or subsequent to his or her employment, time in office, or participation on the Board.

Article V. 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 nature of the Conflict of Interest, any action taken to determine whether a Conflict of 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 or 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.

The minutes shall be approved as reasonable, accurate, and complete either before the next meeting of the Board or within sixty (60) days after the final actions of the Board are taken, whichever is later.

Article VI. Compensation

This Policy does not prohibit the Organization from providing reasonable compensation for services rendered to the Organization. For this purpose, "compensation" represents all direct and indirect forms of economic benefit, including, but not limited to, salaries, wages, bonuses, commissions, royalties, fringe benefits, deferred compensation, expense allowances, insurance coverages, and fees. When providing compensation to a director, officer, or employee, the Organization shall comply with the following procedures.

- a. All compensation, whether directly or indirectly provided, must be reasonable as determined by taking into account factors that include the levels of compensation paid by similar organizations within the community (tax-exempt and taxable) for functionally comparable services, the value of the services being rendered and pertinent experience of the individual providing the services. In general, compensation is reasonable if it is an amount that would be ordinarily paid for like services by like enterprises under like circumstances.

- b. Any director, officer, or employee who receives compensation, directly or indirectly, from the Organization is precluded from voting on matters pertaining to that compensation. The director, officer, or employee may, however, provide compensation data and information to the Board or any committee of the Board.
- c. Payments under a compensation arrangement are presumed to be reasonable if the following apply: (1) the terms of the arrangement are approved in advance by the Board and no person with a possible Conflict of Interest participates in the Board's decision, (2) the Board relies upon appropriate comparability data in making its decision, and (3) a record of the Board's discussion and decision is created in accordance with Records of Proceedings Article.
- d. Payments under a compensation arrangement that is not reasonable will be subject to the Excess Benefit Transaction provisions herein.

Article VII. Other Transfers of Property

In addition to providing compensation, the Organization may engage in other transfers of assets with an Interested Person, Related Party, or a Disqualified Person if the transfer is addressed under the Conflict of Interest procedures above and the Board determines that the transfer is reasonable and at a fair market value. Transfers are presumed to be reasonable if (1) the terms of the arrangement are approved in advance by the Board and no person with a possible Conflict of Interest participates in the Board's decision, (2) the Board relies upon appropriate comparability data in making its decision, and (3) a record of the Board's discussion and decision is created in accordance with Records of Proceedings Article. A transfer of property that is not reasonable will be subject to the Excess Benefit Transaction provisions herein.

Article VIII. Periodic Reviews

The Organization shall conduct periodic reviews to ensure that it is operating in a manner consistent with its purposes and does not jeopardize its reputation or tax-exempt status. These periodic reviews shall include the review of:

- a. Any compensation arrangements and benefits to determine that they are reasonable, based on competent survey information, and the result of arm's length bargaining; and
- b. Any partnerships, joint ventures, or arrangements with any management organizations to ensure that they conform with the Organization's written policies (if any), are properly recorded, reflect reasonable investment or payments for goods and services, further the Organization's purposes, and do not result in inurement, impermissible private benefit, or an Excess Benefit Transaction.

Article IX. Use of Outside Experts

When conducting a Conflict of Interest review and determination, the Organization 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 or Related Party, or for ensuring periodic Conflict of Interest reviews are conducted.

Article X. Amendment of Policy

The Organization, by action of the Board, may amend, modify, or delete the provisions of this Policy at any time without notice.

Article XI. Annual Affirmation

All directors, officers, and employees of the Organization shall annually affirm that such person:

- a. Has received a copy of this Policy;
- b. Has read and understands this Policy;
- c. Has agreed to comply with this Policy;
- d. Has no Conflict of Interest to report or is reporting current and any previously unreported Conflicts of Interest; and
- e. Understands the Organization is a nonprofit corporation and exempt organization 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.

The undersigned hereby affirms that the foregoing policy was adopted and implemented at a meeting of the Board by unanimous written consent or by Board vote on the date below.

 Melissa White

Melissa White, President
Menus for Change Inc.

Date: 2/5/2025