

Article XIV BOOKS AND RECORDS

Section 5. Conflict of Interest.

Section 5.01 Idaho Statutes. The Board shall adhere to the conflict of interest rules provided in Idaho Code Section 30-3-81. (Attached as Exhibit A).

Section 5.02 Conflict of Interest Policy. The Foundation shall adopt a Conflict of Interest policy. The current policy is attached hereto as Exhibit B. A current copy of the policy shall be provided to every Officer, Director, Committee Member and Employee. The Board shall review and revise the policy from time to time.

Section 5.03 Compensation. No Director or Committee member shall receive a salary or compensation for services in that capacity but may be reimbursed for actual expenses incurred in the performance of such services. This provision shall not preclude any Director from serving the Foundation in any other capacity and receiving compensation for services rendered. However, unless there is full disclosure or actual knowledge by the Foundation, no Director shall be related to any salaried Staff or to parties providing paid services to the Foundation.

Furthermore, the majority of the Board of Directors will be non-salaried and will not be related to salaried personnel or to parties providing services. In addition, the salaried individuals cannot vote on their own compensation, and compensation decisions will be made by the Board of Directors.

Any compensation paid to a Director for services rendered in any capacity will be based on the following factors: (i) the amount and type of compensation received by others in similar positions, (ii) the compensation levels paid in the Foundation's particular geographic community, (iii) the amount of time the individual is spending in their position, (iv) the expertise and other pertinent background of the individual, (v) the size and complexity of the Foundation, and (vi) the need of the Foundation for the services of the particular individual.

Section 5.04 Duty of Disclosure. A Director, Officer, Committee or Staff member must disclose to the Foundation any and all actual or potential, direct or indirect conflicts of interests. The duty to disclose is a continuing duty. Directors shall complete an annual conflicts disclosure form and shall amend such disclosure from time to time as necessary.

Section 5.05 Resolution of Conflicts. The Board, by majority vote, shall determine whether a Director or other principal has a conflict of interest and whether such conflicted person should be precluded from the discussion of, or acting upon the transaction.

Section 5.04 Loans to Directors. The Foundation shall not lend money to or use its credit to assist its Directors or officers.

Section 6. Rules of Order. The most current edition of Roberts Rules of Order shall be the parliamentary guide for all proceedings of the Foundation to the extent that such Rules are not in conflict with the Articles of Incorporation, these Bylaws, or with rules adopted by the Board of Directors.

Exhibit B

IDAHO COMMUNITY FOUNDATION, INC.

Conflict of Interest Policy

1. PURPOSE.

The purpose of the Conflict of Interest Policy is to protect the Idaho Community Foundation, Inc.'s ("ICF") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of ICF 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.

2. DEFINITIONS.

2.1 Interested Person. Any director, principal officer, or member of a committee or staff, who has a direct or indirect interest, as defined below, is an interested person. Section 2.3(b) shall not apply to staff since staff has a compensation arrangement with ICF.

2.2 Direct and Indirect Interests. A person has a direct conflict of interest when the person may personally and materially receive a benefit from the outcome of the decision or transaction, or the person's family may receive such benefit. Typically, this involves the personal receipt of a financial benefit. However, a direct conflict of interest may arise where the person's involvement or affiliation, in any form, in another organization creates an interest or bias that is adverse to ICF.

A person (or the person's family member) has an indirect conflict of interest when the person is a board member, director, officer, principal or trustee of an organization, or has a "financial interest" in the organization that is a party to the transaction. Typically, an indirect conflict of interest is one where the person is a board member of an organization receiving an ICF grant or business contract, but where the person does not benefit personally or materially.

2.3 Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family: (a) an ownership or investment interest in any entity with which ICF has a transaction, grant or arrangement; (b) a compensation arrangement with ICF or with any entity or individual with which ICF has a transaction, grant or arrangement; or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which ICF is negotiating a transaction, grant or arrangement.

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 Section 3.3 below, a person who has a financial interest may have a conflict of interest only if the board of directors or appropriate committee decides that a conflict of interest exists.

3. PROCEDURES.

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

3.2 Right to Recuse. After disclosure of an actual or potential conflict of interest, the interested person may recuse from participation in the consideration and determination of the transaction. The board of directors or committee may require the interested person to leave the meeting during the pendency of the action.

3.3 Determining Whether a Conflict of Interest Exists. After disclosure of the conflict of interest and all material facts, and after any discussion with the interested person, he/she may leave the board of directors or committee meeting while the determination of a conflict of interest may be discussed and voted upon. The remaining board of directors or committee members shall decide if a conflict of interest exists.

3.4 Procedures for Addressing the Conflict of Interest. If the board of directors or committee determines that a conflict of interest exists, the body shall have the following alternatives: (a) permit the person to participate despite the conflict of interest; (b) investigate alternatives to the transaction that eliminate the conflict of interest; or (c) require the interested person to recuse from participation in the discussion and vote on the transaction. The body may require the interested person to exit the meeting during the pendency of the action.

(a) Participation Despite Conflict. An interested person shall not vote or participate in discussions where the person has a direct conflict of interest, as defined above, in the outcome of the decision or transaction. The person may participate in a discussion and vote authorizing grants to a large number of organizations that have been appropriately vetted by the Grants Committee even though the person has an indirect conflict with one of the organizations that will receive a grant.

(b) Investigate Alternatives. The chairperson of the board of directors or committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the board of directors or committee may determine whether ICF 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.

(c) Require Recusal. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board of directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in ICF'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.

3.5 Violations of the Conflicts of Interest Policy. (a) If the board of directors 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; and (b) if, after hearing the member's response and after making further investigation as warranted by the circumstances, the board of directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. RECORDS OF PROCEEDINGS.

The minutes of the board of directors 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 or other interest in connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the board of director's or committee's decision as to whether a conflict of interest in fact existed; and (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.

5. COMPENSATION.

(a) A voting member of the board of directors who receives compensation, directly or indirectly, from ICF for services is precluded from voting on matters pertaining to that member's compensation; (b) a voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from ICF for services is precluded from voting on matters pertaining to that member's compensation; and (c) no voting member of the board of directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from ICF, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

6. ANNUAL STATEMENTS.

Each director, principal officer and member of a committee with 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 ICF 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.

7. PERIODIC REVIEWS.

To ensure ICF 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, and the result of arm's length bargaining; (b) whether partnerships, joint ventures, and arrangements with management organizations conform to ICF's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in unfair personal advantages, impermissible private benefit or in an excess benefit transaction.

8. USE OF OUTSIDE EXPERTS.

When conducting the periodic reviews as provided for in Section 7, ICF may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of directors of its responsibility for ensuring periodic reviews are conducted.

This Conflict of Interest Policy is effective the 31st day of May, 2011 and is intended to replace all prior versions.