

**BYLAWS
OF
CARY ROTARY CHARITABLE FOUNDATION, INC.**

These are the Bylaws of Cary Rotary Charitable Foundation, Inc., a non-profit corporation organized pursuant to the laws of North Carolina ("CRCF").

CRCF is an organization formed by members of Cary Rotary Club and as such is intended and instructed that during its existence to maintain the purposes, service goals and intent of Rotary International and Cary Rotary Club in CRCF's activities, fundraising and support and distributions.

**ARTICLE I
OFFICES**

Section 1.1 Principal Office. The principal and registered offices of CRCF shall be located at such place, within or without the State of North Carolina, as shall be determined from time to time by the Board of Directors and as shall have been so designated most recently in the annual report of CRCF or amendment thereto filed with the North Carolina Secretary of State pursuant to the North Carolina Non-Profit Corporation Act.

Section 1.2 Other Offices. CRCF may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine, or as the affairs of CRCF may require.

**ARTICLE II
BASIC POLICIES**

Section 2.1 Basic Policies. The following are the basic policies of CRCF:

A. CRCF shall be noncommercial, nonsecretarian and nonpartisan.

B. The name of CRCF or names of any officers in their official capacities shall not be used to endorse or promote a commercial concern or in connection with any partisan interest or for any purpose not appropriately related to promotion of the objectives of CRCF.

C. CRCF shall not directly, or indirectly, participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office; or devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise.

D. CRCF shall not enter into membership with other organizations except such international, national or state organizations, as may be approved by the Board of Directors. CRCF may cooperate with other organizations and agencies concerned with the goals of Rotary International and Cary Rotary Club, but an individual director shall make no commitments that bind CRCF without the express permission of the Board of Directors.

E. No part of the net earnings of CRCF shall inure to the benefit of, or be distributable to, its directors, trustees, officers, except that CRCF shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof.

F. Notwithstanding any other provisions of these articles, CRCF shall not carry on any other activities not permitted to be carried on (i) by an organization exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code, of (ii) by an organization, contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue Code, (iii) by Rotary International or (iv) by Cary Rotary Club.

G. Upon dissolution of CRCF, after paying or adequately providing for the debts and obligations of CRCF, the remaining assets shall be distributed to whatever similar charitable organization replaces CRCF, assuming they have established their tax-exempt status under Section 501 (c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code or as provided in CRCF's Articles of Incorporation.

ARTICLE III **PURPOSES**

Section 3.1 Objectives. The objectives and purposes of CRCF are including, but not limited to the following:

A. For charitable and benevolent purposes and to engage, promote and extend the objectives of CRCF and Rotary International.

B. To encourage and foster the ideal of benevolence and service as a basis of worthy enterprise and, in particular, to encourage and foster:

1. The development of acquaintances as an opportunity for services;
2. High ethical standards in businesses and professions, the recognition of worthiness of all useful occupations, and the dignifying of each Rotarian's occupation as an opportunity to serve society;

3. The application of the ideal of service in each Rotarian's personal, business, and community life;

4. The advancement of international understanding, goodwill, and peace through a world fellowship of business and professional persons united in the idea of service to others.

C. To support worthy community and international activities and organizations that serve to ameliorate hunger, alleviate poverty, uplift the human spirit, promote literacy, economic development, and education, support healthy lifestyles and ease difficulties in everyday living as time and resources permit and to generally help others sustain a reasonable quality of life.

D. To make distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

E. To do any and all other lawful things and acts CRCF, from time to time, in its discretion, may deem to be for its benefit and in furtherance of the above-stated purposes.

F. To exercise all powers provided in Chapter 55A of the General Statutes of North Carolina in furtherance of the above-stated objectives and purposes.

Section 3.2 Objective Promotion. The objectives of CRCF are promoted through contributions and donations, as well as fundraisers.

Section 3.3 Purpose of Creation. CRCF is created exclusively for the charitable, literary and/or educational purposes of the Cary Rotary Charitable Foundation, Inc., including, but not limited to the making of distributions to organizations that qualify as exempt organizations under Section 501 (c)(3) of the Internal Revenue Code or corresponding section of any future Federal Tax code (hereinafter the "Internal Revenue Code") and to individuals and organizations which would benefit from such charitable and educational support. The purpose of CRCF is also to bring together business and professional leaders to provide humanitarian service, encourage high ethical standards in all vocations and help build goodwill and peace in the world.

ARTICLE IV **BOARD OF DIRECTORS**

Section 4.1 General Powers. All corporate powers of CRCF shall be exercised by or under the authority of the Board of Directors with full and open disclosure to members of Cary Rotary Club. All CRCF business and affairs shall be managed under the direction of the Board of Directors.

Section 4.2 Number, Term and Qualification. A director of CRCF shall be an active member of Cary Rotary Club. The number of directors of CRCF shall be at least five (5) and no more than nine (9) with an odd number of directors. The number of directors may be increased or decreased only by a meeting of the qualified directors and a majority vote of the Board of Directors and then subsequent approval by the members of Cary Rotary Club.

In the first full year of the Foundation, two of the five Directors are elected to serve for term of one year, and three shall be elected to serve for a term of two years. Thereafter, two Directors (three in alternate years) are elected at each annual meeting of the Club to serve for a term of two years or until their successors have been duly elected and have accepted their respective offices. The terms of initial directors and the term of any director elected to fill a vacancy shall expire two (2) years after his or her initial appointment at which directors are elected. Notwithstanding the stated terms of directors, a director shall continue to serve after expiration of his or her stated term until his or her successor is elected and qualifies or there is a decrease in the number of directors eliminating his or her position, and a director shall cease to serve as such and his or her position shall be deemed vacant upon his or her death, resignation, removal or disqualification. No member shall serve more than two (2) consecutive terms.

Section 4.3 Election of Directors. Potential candidates for the open director positions of CRCF shall first be nominated either by the Board of Directors or a Cary Rotary Club Member and voted on by a majority vote of Cary Rotary Club members for any potential director holding the qualifications necessary. In the event upon due notice and opportunity the Cary Rotary Club members fail to appoint by majority vote on a vacancy for director of CRCF then the Board of Directors of CRCF may nominate and by majority vote appoint a director for such vacancy for the term proposed.

Section 4.4 Removal. Except as otherwise provided in the Articles of Incorporation or by applicable law, a director may be removed from office with or without cause by a vote of the majority of Cary

Rotary Club members. If any directors are so removed, new directors may be elected at the same meeting as removal.

Section 4.5 Vacancies. A vacancy occurring in the Board of Directors, including positions not filled by the directors or those resulting from an increase in the number of directors, may be filled by a majority or the remaining directors, though less than a quorum, or by the sole remaining director or by the members vote of Cary Rotary Club. The Board of Directors may elect a director at any time to fill any vacancy not filled by the directors.

Section 4.6 Compensation. The Board of Directors shall not compensate directors for their services as such, but may provide for the payment of all expenses reasonably incurred by directors in the performance of their other duties as directors.

ARTICLE V **MEETING OF DIRECTORS**

Section 5.1 Regular Meetings. All meetings of the Board of Directors shall be held at the principal office of CRCF, virtual platform, or at such other place, either within or outside of the State of North Carolina, as shall be designated on the fair and reasonable notice of the meeting or agreed upon by a majority of the Board of Directors entitled to vote thereat.

Section 5.2 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board (if there shall be a person holding such office), the President or any two directors. Such meetings may be held either within or without the State of North Carolina or virtually.

Section 5.3 Notice of Meetings. Written, printed or electronic fair and reasonable notice stating the time and place of the meeting of the Board of Directors shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any annual meeting by the direction of the Board of directors, to each director entitled to vote at such meeting.

A director's attendance at or participation in a meeting shall constitute a waiver by such director of notice of such meeting, unless the director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or to the transaction of business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5.4 Quorum. A majority of the number of directors fixed or prescribed by these Bylaws shall be required for, and shall constitute, a quorum for the transaction of business at any meeting of the Board of Directors.

Section 5.5 Manner of Acting. Except as otherwise provided in these Bylaws or required by applicable law, the affirmative vote of a majority of the directors present at a meeting of the Board of Directors shall be the act of the Board of Directors, if a quorum is present when the vote is taken.

Section 5.6 Organization. Each meeting of the Board of Directors shall be presided over by any person selected to preside by vote of a majority of the directors present. Any person designated by the person presiding at the meeting shall act as Secretary of the meeting.

Section 5.7 Action Without Meeting. Action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting:

- i. If one or more written consents describing the action taken are signed by each of the directors, whether before or after the action so taken, and filed with corporate records or the minutes of the proceedings of the Board. Action so taken is effective when the last director signs such consent, unless the consent specifies a different effective date. Such consent has the effect of a meeting vote and may be described as such in any document.
- ii. if an electronic (email or text) request for action may be submitted to the Board by the Chair for consideration and may be a Board quorum Such approval has the effect of a meeting vote and will be reflected in the next regularly schedule meeting minutes.

ARTICLE VI **DUTIES OF DIRECTORS**

Section 6.1 Duties of Directors. The duties of the Board of Directors shall be as follows:

- A. To transact necessary business in the intervals between CRCF meetings and such other business as may be referred to it by CRCF.
- B. To create standing and special committees which will report to the Board of Directors.
- C. To present a report at the regular meetings of CRCF.
- D. To arrange for a periodic review of the Treasurer's accounts.
- E. To ensure that any tax forms are completed as required by law.
- F. To prepare and submit to CRCF for adoption a budget for the year.
- G. To approve routine bills within the limits of the budget.
- H. To review and approve budgets upon submission and review by Cary Rotary Club members as provided herein.
- I. To make expenditures for standing committees or purposes upon approval as specified herein.
- J. Others in accordance with North Carolina General Statute Chapter 55A.

ARTICLE VII **OFFICERS AND ELECTION**

Section 7.1 General. Each officer of CRCF shall also be a director unless otherwise determined by the then acting Board. The Five Directors having been elected by the membership (after startup) elect the Officers of the Board from among their members at a meeting of the Board within ten (10) days after a general election. Members are notified of the results of the Board's election of Officers immediately after such Board Meeting. The officers of CRCF shall consist of a President, Vice President, Secretary, Assistant Secretary, and Treasurer. All officers shall perform the duties outlined in these Bylaws and those assigned from time to time and will adhere to and abide by the Conflict of Interest Policy found in Appendix A.

Section 7.2 Appointment and Term. The initial officers of CRCF shall be:

_____, President

_____, Vice President

_____, Secretary

_____, Assistant Secretary

_____, Treasurer

Officers shall assume their official duties at the beginning of the fiscal year following their election and shall serve for a term of one year. Subsequent year officers shall be elected in June for the next fiscal year by the Board.

Section 7.3 Removal. If the best interest of CRCF would be better served, an elected officer may be removed from office by a majority vote of a quorum of the voting by Cary Rotary Club members. The Board of Directors may also remove any appointed Board member by a majority vote of the Board. Any member of the Board of Directors who fails to attend three consecutive meetings is automatically brought for Board consideration to be removed from office, at which time the Board shall appoint their successor, if such is needed.

Section 7.4 Compensation. No officer of CRCF shall be compensated at any time for their position or for any other service they may provide to CRCF.

Section 7.5 Vacancies. A vacancy occurring in any office because of death, resignation, removal or disqualification shall be filled by a person selected by a majority vote of the remaining members of the Board of Directors. The required fair and reasonable notice of such election will be given. In case a vacancy occurs in the office of the President, the President-Elect shall serve notice of the election.

Section 7.6 President. The President shall be responsible for the management of CRCF. It is the responsibility of the President to insure that the actions of the Board of Directors and CRCF are in full compliance of the laws governing a 501(c)(3) organization. The President shall preside at all meetings of CRCF and of the Board of Directors at which they are present. The President shall perform such other duties as may be prescribed in these Bylaws or assigned to them by CRCF or by the Board of Directors.

Section 7.7 Vice President. The Vice President shall exercise the powers of the President during that officer's absence or inability to act. Any action taken by a Vice President in the performance of the duties of the President shall be presumptive evidence of the absence or inability to act of the President at the time the action was taken. The Vice President shall have such other powers and perform such other duties as may be assigned by the Board of Directors.

Section 7.8 Secretary. The Secretary shall record the minutes of all meetings of the association and of the Board of Directors, have a current copy of the bylaws, maintain the current membership list, if any, and shall perform other delegated duties as may be assigned.

Section 7.9 Assistant Secretary. The Assistant Secretary shall have such powers and perform such duties as may be assigned by the Board of Directors, and shall exercise the powers of the Secretary during that officer's absence or inability to act.

Section 7.10 Treasurer.

A. All monies collected by CRCF raised in unit activities, received as contributions or otherwise acquired belong to CRCF to promote and implement a program of services, projects and other activities approved, adopted and directed by the directors of CRCF.

B. The Treasurer shall have custody of the funds of CRCF, shall keep a full and accurate account of receipts and expenditures in accordance with the provisions in the annual budget adopted by CRCF and shall make disbursements as authorized by the Board of Directors. Checks or vouchers shall be signed by two persons: the Treasurer and one other officer designated by the Board of Directors. The Treasurer shall present a financial statement at every meeting of CRCF and at other times when requested by the Board of Directors and shall make a full report at the meeting at which new officers officially assume their duties. The Treasurer shall be responsible for the maintenance of such books or accounts and records as required to conform to the requirements of CRCF.

C. The Treasurer's accounts shall be examined periodically by person(s) designated by the Board of Directors for accuracy and accountability and shall be available upon request by directors or members of Cary Rotary Club for inspection.

D. The Treasurer shall be responsible for filing any tax forms as required by North Carolina State and Federal law(s).

ARTICLE VIII CONTRACTS, LOANS AND DEPOSITS

Section 8.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any document or instrument on behalf of CRCF, and such authority may be general or confined to specific instances. Any resolution of the Board of Directors authorizing the execution of documents by the proper officers of CRCF or by the officers generally and not specifying particular officers shall be deemed to authorize such execution by the President, the President-Elect, or by any other officer if such execution is within the scope of the duties of such other office. The Board of Directors may by resolution authorize such execution by means of one or more facsimile signatures.

Section 8.2 Loans. No loans shall be contracted on behalf of CRCF and no evidences of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 8.3 Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of CRCF shall be signed by such officer or officers, agent or agents of CRCF, and in such manner, as shall from time to time be determined by resolution of the Board of Directors.

Section 8.4 Deposits. All funds of CRCF not otherwise employed or invested shall be deposited from time to time to the credit of CRCF in such depositories as the Board of Directors direct.

ARTICLE IX

RECORDS AND REPORTS

Section 9.1 General. CRCF shall keep all records and submit and file all reports and filings as are required by applicable law. Unless the Board of Directors otherwise directs, the Treasurer shall be responsible for keeping, or causing to be kept, all financial and accounting records of CRCF and for submitting or filing, or causing to be submitted or filed, all reports and filings of a financial or accounting nature, and the Secretary shall be responsible for keeping, or causing to be kept, all other records and for submitting or filing, or causing to be submitted or filed, all other reports and filings.

CRCF shall keep as permanent records minutes of all meetings of its incorporators, officers, and Board of Directors, a record of all actions taken by the Board of Directors without a meeting. CRCF shall maintain appropriate accounting records. CRCF or its agent shall maintain a record of its officers and directors in a form that permits preparation of a list of the names and addresses of all the aforementioned, in alphabetical order. CRCF shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

Section 9.2 Records at Principal Office. CRCF shall keep a copy of the following records at CRCF's google documents cloud storage site principal office.

- A. Its Articles or restated Articles of Incorporation and all amendments to them currently in effect;
- B. Its Bylaws or restated Bylaws and all amendments to them currently in effect;
- C. Resolutions adopted by the Board of Directors;
- D. The minutes of all directors' meetings, and records of all action taken by directors without a meeting, for the past three (3) years;
- E. All meeting communications within the past three (3) years and the financial statements required by law to be made available to the directors and Cary Rotary Club for the past three (3) years;
- F. A list of the names and business addresses of its current directors and officers; and
- G. Its most recent annual report delivered to the North Carolina Secretary of State pursuant to the North Carolina Non-Profit Corporation Act.

Section 9.3 Financial statements. The Treasurer shall make available to its Board of Directors annual financial statements, which may be consolidated or combined statements of CRCF as appropriate, that include a balance sheet as of the end of the fiscal year, and income statement for that year, and a statement of cash flows for the year unless that information appears elsewhere in the financial statements. If financial statements are prepared for CRCF on the basis of generally accepted accounting principles, the annual financial statements shall also be prepared on that basis.

If the annual financial statements are reported upon by a public accountant, such accountant's report shall accompany them. If not, the statements shall be accompanied by a statement of the President or the Treasurer or other person responsible for CRCF's accounting records:

- A. Stating his or her reasonable belief whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and
- B. Describing any respects in which the statement were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

Section 9.4 Budgets. The Board of Directors shall follow the following procedure in regards to approval of the annual budget for CRCF for each year:

- A. The proposed budget for CRCF shall be developed and approved by the CRCF Board of Directors;
- B. A final approved budget shall be delivered to the Cary Rotary Club Board of Directors.

Nothing provided herein shall permit the Cary Rotary Club members to direct CRCF or its directors to expend CRCF funds for purposes other than provided or allowed under Internal Revenue Code Section 501(c)(3) rules and regulations for a charitable organization or for a contrary purpose of CRCF as such are set forth in the Articles of Incorporation and these Bylaws.

Section 9.5 Annual Report. CRCF shall prepare and deliver to the North Carolina Secretary of State for filing each year the annual report required by the North Carolina Non-Profit Corporation Act. Such annual report shall be filed each year within sixty (60) days after the end of CRCF's fiscal year, or at such other time as is then required by applicable law. CRCF may, and when required by law shall, file all necessary or appropriate corrections and amendments such annual report, and shall promptly file an amendment to its annual report to reflect any change in the location of the principal office of CRCF.

ARTICLE X **GENERAL PROVISIONS**

Section 10.1 Notice and Waiver of Notice. Except as otherwise provided in the Articles of Incorporation or these Bylaws, any notice permitted or required to be given pursuant to these Bylaws may be given in any manner permitted by applicable law and with the effect therein provided. Without limiting the generality of the foregoing, written notice by CRCF to a director is effective when deposited in the United States mail with postage thereon prepaid and correctly addressed to the director's address shown in CRCF's current record of directors.

Whenever any notice is required to be given to any director under the provisions of the North Carolina Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or Bylaws of CRCF, a waiver thereof in writing signed by the person or persons entitled to such notice and included in the minutes or filed with the corporate records, whether done before or after the time stated in the notice, shall be equivalent to the giving of such notice.

Section 10.2 Fiscal Year. The fiscal year of CRCF shall be fixed by resolution of the Board of Directors and is determined to run from July 1 to June 30 of the next year.

Section 10.3 Indemnification. Any person who at any time serves or has served as a director, officer, employee or agent of CRCF shall have a right to be indemnified by CRCF to the fullest extent from time to time permitted by law in the event he or she is made, or is threatened to be made, a party to any

threatened, pending or completed civil, criminal, administrative, investigative or arbitrative action, suit or proceeding and any appeal therein (and any inquiry or investigation that could lead to such action, suit or proceeding), whether or not brought by or on behalf of CRCF, seeking to hold him or her liable by reason of the fact that he is or was acting in such capacity. However, this indemnification shall only be provided if such claim against such person is determined by the non-interested directors of CRCF to be not due to gross negligence or willful or intentional act of fraud or dishonesty of such person in his or her duties.

The director's, officer's, employee's or agent's rights hereunder shall, to the fullest extent from time to time be permitted by law, cover (a) reasonable expenses, including without limitation, all attorney's fees actually and necessarily incurred by him in connection with any such action, suit, or proceeding, (b) all reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in such action, suit or proceeding and (c) all reasonable expenses incurred in enforcing the indemnification rights provided herein.

The Board of Directors of CRCF shall take all such action as may be necessary and appropriate to authorize CRCF to pay the indemnification required by this provision, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him.

Any person who at any time serves or has served in any of the aforesaid capacities for or on behalf of CRCF shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the rights provided for herein. Any repeal or modification of these indemnification provisions shall not affect any rights or obligation existing at the time of such repeal or modification. The rights provided for herein shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from this provision.

The rights granted herein shall not be limited by provisions contained in Section 55-8-51 of the North Carolina General Statutes or any successor to such statute.

Section 10.4 Construction. All terms used herein and not specifically defined herein, but defined in the North Carolina Non-Profit Corporation Act, shall have the same meanings herein as given under the North Carolina Non-Profit Corporation Act, unless the context otherwise requires.

Section 10.5 Amendments. Except as otherwise provided herein or in the Articles of Incorporation or by applicable law, these Bylaws may be amended or repealed and new bylaws may be adopted by the Board of Directors, provided that fair and reasonable notice of the proposed amendment shall have been given prior to the meeting at which the amendment is voted upon.

Section 10.6 Bond. The Board of Directors may by resolution require any or all officers, agents or employees of the corporation to give bond to the corporation, with sufficient sureties, conditioned upon the faithful performance of the duties of their offices or positions, and to comply with such other conditions as may from time to time be required by the Board.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of the Bylaws of Cary Rotary Charitable Foundation, Inc., a North Carolina non-profit corporation.

WITNESS my hand on behalf of CRCF this the _____ day of _____, 2021.

Secretary

Appendix A

Conflict of Interest Policy

ARTICLE I

PURPOSE

The purpose of the conflict of interest policy is to protect this Cary Rotary Charitable Foundation, Inc.'s (herein referred to as "CRCF") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or Director of CRCF 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.

ARTICLE II

DEFINITIONS

Section 2.1 Interested Person: Any Director, Principal Officer, or member with Board delegated powers, who has a direct or indirect financial interest as defined below.

Section 2.2 Financial Interest: A person who has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which CRCF has a transaction or arrangement,
- b. A compensation arrangement with CRCF or with any entity or individual with which CRCF has a transaction or arrangement
- c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which CRCF is negotiating a transaction 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. A person who has financial interest may have a conflict of interest only if the appropriate governing Board of Directors decides that a conflict of interest exists.

ARTICLE III

PROCEDURES

Section 3.1 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.

Section 3.2 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 meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board shall decide if a conflict of interest exists.

Section 3.3 Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Board 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 chairperson of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Board shall determine whether CRCF 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 Board shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in CRCF's best interest, for its own benefit and whether it is fair and reasonable.

Section 3.4 Violations of the Conflict of Interest Policy

- a. If the Board 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 Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV
RECORDS OF PROCEEDINGS

The minutes of the Board and 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 decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussion and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a records of any votes taken in connection with the proceedings.

ARTICLE V
ANNUAL STATEMENTS

Each director, principal officer and a member of a committee with Board of Directors 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 CRCF 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.

ARTICLE VI **PERIODIC REVIEWS**

To ensure CRCF 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 CRCF'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 VII **USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Article VI, CRCF 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.