

FAMILIES AND NEIGHBORS SUPPORT ISLAND REC

CONFLICT OF INTEREST POLICY¹

Article I - Purpose

The purpose of this conflict of interest policy ("Policy") is to protect **Families and Neighbors Support Island Rec's** ("FANS") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of any Covered Person as defined below, or that might result in a possible excess benefit transaction. This Policy provides: (i) a systematic mechanism for disclosing and evaluating potential and actual conflicts; and (ii) procedures for the Board of Directors or a committee with Board-delegated authority in considering any transaction or arrangement where a conflict may exist. The Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II - Definitions

1. Covered Person. Any FANS director, officer, or member of a committee with authority to act on behalf of the Board of Directors, who has a direct or indirect financial interest, as defined below, is a Covered Person.

2. Compensation. Direct and indirect remuneration, as well as gifts or favors that are not insubstantial.

Article III - Identifying a Potential Conflict

A Covered Person may have a conflict of interest with respect to a transaction or arrangement involving FANS whenever he or she, or any of his or her family members:

1. Compensation. Receives compensation directly or indirectly from FANS and the transaction or arrangement involves such compensation (*e.g.*, a FANS employee has a conflict of interest with respect to the determination of his or her own compensation). Compensation for the purposes of this Policy includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature;

2. Financial Interest. Has or anticipates having any financial interest, including an ownership interest, investment interest, or compensation arrangement, in or with any entity or individual that (i) sells goods or services to, or purchases services from, FANS; or

¹ Source: <http://www.irs.gov/pub/irs-pdf/11023.pdf> Appendix A: Sample Conflict of Interest Policy from IRS Instructions for Form 1023 Internal Revenue Service (Rev. June 2006) Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

(ii) has any other transaction or arrangement with FANS (e.g., a FANS director who owns stock in a corporation that sells goods or services to FANS may have a conflict of interest with regard to such sales transactions); or

3. Management Role. Serves or anticipates serving as a director, trustee or officer of, any entity or individual that either: (i) sells goods or services to, or purchases services from, FANS; or (ii) has any other transaction or arrangement with FANS.

4. Positions with Island Rec. Serves or anticipates serving as a director, trustee, or officer of Island Rec.

5. Financial Relationships with Island Rec. Has or anticipates having any financial relationship, including as an employee or a paid consultant, with Island Rec.

A financial interest is not necessarily a conflict of interest. Under Article V, 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.

Article IV – Duties of Covered Persons

1. Duty of Care. Every Covered Person shall perform his or her duties for FANS in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances.

2. Duty of Loyalty. Every Covered Person must act with loyalty to FANS, meaning that no Covered Person may use his or her position with FANS to make personal profit or gain other personal advantage. No Covered Person may personally take advantage of a business opportunity that is offered to FANS unless the Board of Directors determines (after full disclosure and a disinterested and informed evaluation) not to pursue that opportunity.

3. Duty to Disclose. In connection with any actual or potential conflict of interest, a Covered Person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board and members of committees with governing Board-delegated powers considering the proposed transaction or arrangement. Covered persons should avoid both actual conflicts and the appearance of a conflict of interest. Covered persons shall also recuse himself or herself from voting on any transaction or arrangement in which he or she has a potential or actual conflict of interest, and shall not be present when any such vote is taken.

Article V – Procedures

1. Disclosure. Each Covered Person shall promptly and fully disclose all material facts of every actual or potential conflict of interest:

- a. Existing at the time when he/she becomes a Covered Person;

b. That arises while he/she is a Covered Person, at the time such actual or potential conflict arises; and

c. Annually through the annual Conflict of Interest Questionnaire, a copy of which is attached hereto.

All disclosures involving a transaction or arrangement being considered at a meeting of the Board of Directors or a committee shall be made to all members present at such meeting. All other disclosures shall be made to the President (who shall disclose his or her conflicts to the Board of Directors). A Covered Person who is in doubt as to the existence of a conflict of interest is encouraged to disclose all facts pertaining to the transaction or arrangement before undertaking the transaction or arrangement or making any decision in the matter.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the Covered 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 determine whether a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. A Covered 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 chairperson 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 FANS 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. FANS may enter into a transaction or arrangement with a Covered Person who has a conflict of interest where a majority vote of the disinterested members of the governing Board or committee determines in good faith and after reasonable investigation that the transaction or arrangement is fair and reasonable to FANS and is in FANS' best interests.

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.

Article VI - Records of Proceedings

The minutes of the governing Board and all committees with Board-delegated powers shall be prepared by the later of the next succeeding meeting of the Board or committee, or sixty (60) days after the final action on the matter is taken by the Board or committee and shall contain:

1. 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 conflict of interest, any action taken to determine whether a conflict of interest was present, the governing Board's or committee's decision as to whether a conflict of interest in fact existed.
2. 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.

Article VII - Compensation

1. A voting member of the governing Board who receives compensation, directly or indirectly, from FANS for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FANS for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FANS, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VIII - Enforcement

Every Covered Person shall sign a statement that affirms that he or she has received a copy of this Policy, has read and understands it, and has agreed to comply with it, and shall complete the questionnaire attached hereto disclosing his or her actual and potential conflicts of interest on an annual basis.

Article IX - Periodic Reviews

To ensure FANS 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to FANS'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 X - Use of Outside Experts

When conducting the periodic reviews as provided for in Article IX, FANS 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

The foregoing Conflict of Interest Policy was adopted by the Board of Directors of Families and Neighbors Support Island Rec on the 18th day of October, 2011.

By: Jan Bellerud Smal, Secretary

FAMILIES AND NEIGHBORS SUPPORT ISLAND REC

WHISTLEBLOWER PROTECTION POLICY

Article I - Purpose

Families and Neighbors Support Island Rec ("FANS") seeks to adhere to the highest possible standards of ethics in the fulfillment of its mission and in its governance, program activities and finances. The general purpose of this policy ("Policy") is to provide a clear and confidential process for any Board member, employee, volunteer, grantee, nonprofit representative or other individual to make a good faith disclosure of suspected wrongful or improper conduct regarding an activity within FANS' operational scope. Further, this Policy provides for that disclosure to be investigated and acted upon in a confidential and timely manner with no reprisals against the individual making the report.

Article II - Policy

Each Board member, employee, volunteer, grantee, nonprofit representative, or other individual is strongly encouraged to report violations or suspected violations of law; violations of FANS policies or procedures; misappropriation or misuse of assets; making or approving of disbursements that are not appropriate to FANS' mission; or other fraudulent or improper financial, employment, granting or other practices.

The individual making the complaint is not responsible for investigating the activity or for identifying or determining responsible parties and/or corrective measures. No punishment or reprisal of any sort against a reporting individual will be instigated or tolerated.

Reports should be made to FANS' Board President, or, if the report alleges misconduct by the President, the Treasurer (hereafter referred to as "Investigator"). The Investigator will immediately notify the members of the Board, with the exception of individual Board members named in the report.

The Investigator shall be responsible for fully, promptly and confidentially investigating the potential misconduct, overseeing all investigations, and making appropriate recommendations to the Board and report the results of the investigation to the individual making the complaint. The Investigator has the authority to retain any outside assistance deemed necessary to conduct a full and complete investigation. The Board retains the right to take any and all appropriate action to address the misconduct, including dismissal of the individual(s) involved.

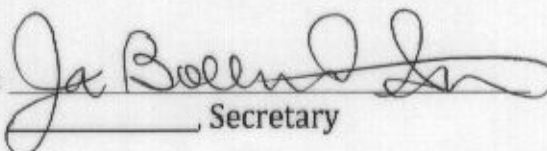
Reporting parties must exercise good faith. It is presumed that any Board member, employee, or volunteer who makes an allegation of wrongdoing does so while having a reasonable belief in the truth of the allegation.

Article III - Policy Review

This policy will be reviewed by the Board or other applicable FANS governing body and, if appropriate, updated periodically. Reviews will take place at least every three years and any changes will be reviewed by the Board or other applicable FANS governing body for its approval.

CERTIFICATE OF ADOPTION

The foregoing Whistleblower Protection Policy was adopted by the Board of Directors of Families and Neighbors Support Island Rec on the 10th day of October, 2011.

By: , Secretary

FAMILIES AND NEIGHBORS SUPPORT ISLAND REC

DOCUMENT RETENTION AND DESTRUCTION POLICY

Article I - Purpose

This policy ("Policy") provides for systematic review, retention and destruction of documents related to the operations of Families and Neighbors Support Island Rec ("FANS"). It is intended to assure legal and regulatory compliance, appropriate safeguards for record retention, and efficient and effective operations of FANS programs.

Article II - Policy

This Policy represents FANS' formal policy regarding the retention and disposal of documents and records related to and generated in the course of FANS operations. FANS shall retain records for the period of time identified in the Record Retention Schedule appended to the Policy. Documents not listed in the Record Retention Schedule, but that are substantially similar to those listed, will be retained for the same length of time as the substantially similar documents.

Article III - Covered Records and Treatment

The Policy applies to all records generated in the course of FANS' operations, including but not limited to:

- paper documents;
- electronic records and documents;
- video or digital images;
- electronically-stored documents in servers, personal computers and handheld computers or other wireless devices; and
- recorded audio material (e.g., voicemail).

Any employee of FANS, or any other person who is in possession of FANS records, who is uncertain as to which records to retain or destroy, and when or how to do so, should seek assistance from FANS' Secretary.

In accordance with 18 U.S.C. § 1519 and the Sarbanes-Oxley Act, under no circumstances will any FANS records, including electronic files and voice messages, be altered, covered up, falsified or destroyed in order to prevent their use in any official proceeding. Once any kind of litigation or official investigation is suspected or under way, all document purging, routine or otherwise, will immediately cease. In order to eliminate accidental or innocent destruction, FANS has adopted this Policy and the Record Retention Schedule below.

Article IV - Policy Review

This policy will be reviewed by the Board or other applicable FANS governing body and, if appropriate, updated periodically, through consultation with FANS expert resources.

Reviews will take place at least every three years and any changes will be reviewed by the Board or other applicable FANS governing body for its approval.

Article V - Records Retention and Electronic Records Backup

The FANS Secretary will be responsible for maintaining the official hard copy and electronic copy of FANS records. The FANS Secretary will be responsible for maintaining a data backup and recovery system, which will be tested on a regular basis.

Article VI - Emergency Planning

FANS records will be stored in a safe, secure and accessible manner. Records such as financial documents, whether physical or electronic, that are essential for FANS to maintain operating in an emergency, will be duplicated periodically and maintained off-site.

Article VII - Document Destruction

The FANS Secretary is responsible for the ongoing process of identifying the FANS records that have met the required retention period, and for overseeing their appropriate destruction. Destruction of documents identified in the Records Retention Schedule below as accounting, tax, insurance, donor, governance and legal, human resources, or nonprofit grantee records, and other confidential records will be accomplished by shredding, or other destruction in manner to preserve their confidentiality.

Article VIII - Suspension of Record Disposal in Event of Litigation or Claims.

In the event any FANS employee reasonably anticipates or becomes aware of a governmental investigation or audit concerning FANS or the commencement of any litigation against or concerning FANS, such employee shall inform the Secretary and any further disposal of documents shall be suspended until such time as the Secretary, with the advice of the President and FANS' legal counsel, determines otherwise. The Secretary shall take such steps as are necessary to promptly inform affected staff of any suspension in the disposal or destruction of documents.

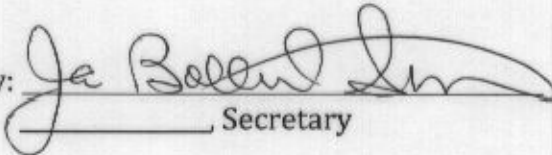
Article IX - Confidentiality and Ownership.

All covered records are the property of FANS, and directors and employees are expected to hold all business records in confidence and to treat them as FANS assets. Records must be safeguarded and may be disclosed to parties outside of FANS only upon proper authorization. Any subpoena, court order, or other request for documents received by directors or employees, or questions regarding the release of FANS records, must be directed to the Secretary prior to the release of such records. Any records of FANS in

possession of a director or employee must be returned to the Secretary upon termination of employment or directorship.

CERTIFICATE OF ADOPTION

The foregoing Record Retention and Destruction Policy was adopted by the Board of Directors of Families and Neighbors Support Island Rec on the 18th day of October, 2011.

By:  Secretary

Records Retention Schedule

<u>Type of Record</u>	<u>Minimum Retention Period</u>
Accounting Documents	
Annual financial statements.....	Permanent
Monthly financial statements.....	2 years
General ledger.....	Permanent
Annual audit records, including reports.....	Permanent
Journal entries.....	7 years
A/P paid invoices.....	7 years
Business expense records.....	7 years
Banking records.....	7 years
(Cancelled checks, electronic funds transfers credit card receipts, stop payment orders)	
Bank statements.....	3 years
Bank reconciliations.....	2 years
Accounts payable.....	7 years
Accounts receivable	7 years
Tax Records	
Depreciation schedules.....	Permanent
990, federal state & local returns.....	Permanent
Supporting documentation	7 years
1099 forms.....	7 years
Payroll taxes (W-2).....	Permanent
Payroll taxes (form 941).....	7 years
Insurance Records	
Policies (expired).....	3 years
Current policies, claims, accident reports.....	Permanent
General Office	
Correspondence (general).....	3 years
Correspondence (legal or important).....	Permanent
Correspondence (w/ donors, NPOs, vendors).....	3 years
E-mail.....	1 year
Website copy	1 year
Donor Records (all)	Permanent

Type of Record**Minimum Retention Period****Governance & Legal Records**

Board minute books, bylaws, articles..	Permanent
Patents, copyrights, trademarks.....	Permanent
Deeds, mortgages, bills of sale.....	Permanent
Board committee minutes.....	3 years
Contracts, mortgages, notes, leases (expired).....	10 years
Contracts (still in effect).....	Permanent
Board policies (as changed over time).....	Permanent

Human Resources Records

Employment applications.....	3 years
Retirement and pension records.....	Permanent
Personnel files (terminated employees).....	7 years
Personnel files (current employees).....	Permanent
Timesheets.....	7 years
Salary/wage schedules and changes.....	7 years
State unemployment tax records.....	Permanent
Performance evaluations.....	7 years after end of employment

Nonprofit Grantee Records

Successful Applicants.....	Permanent
Unsuccessful applicants.....	5 years

BOARD RECRUITMENT POLICY

Families and Neighbors Support Island Rec

Families and Neighbors Support Island Rec ("FANS") establishes this Board Recruitment Policy to guide its efforts to identify and engage future Board members in an effective manner that strives for consensus among all current Board members. While the process identified below is not binding upon Board members, FANS strongly encourages its use and a discussion in advance of proposed departures.

Board recruitment should occur as follows:

1. A Board member identifies a prospect and provides the Board members with the name of that prospect for discussion. Board members are encouraged to circulate the prospect's name and background information electronically in advance of the next board meeting. Preference will be given for prospects who have demonstrated a commitment to Island Rec.
2. Upon general Board agreement that the prospect should be considered for Board service, the Board will identify a director, or more if deemed desirable, who is best suited to engage the prospect in an informal conversation about potential Board service.
3. During the Board member(s)'s conversation with the prospect, the Board member should learn more about the prospect's: (a) interest level and availability; (b) strengths and how they would complement those of existing Board members; and (c) concerns regarding Board membership. The interviewing Board member should exercise his/her discretion in determining whether to share organizational documents, such as FANS' Bylaws, to assist the conversation.
4. The Board may call a special meeting pursuant to the Bylaws to discuss and vote on the prospect before the next regularly scheduled Board meeting.
5. The Board should discuss the prospect conversation at its next regularly scheduled and, if the Board members agree that they have sufficient information to make a decision, vote whether to invite the prospect to join the Board. As part of any vote to offer a prospect a seat on the Board, the Board should determine whether the prospect will fill a vacant position on the Board or will fill an expanded position, and designate the Board class and term accordingly.
6. If the Board determines that it does not have sufficient information to decide whether to invite the prospect to Board service, members will decide how to gather sufficient information for that decision, including the possibility of inviting the prospect to a Board meeting. The Board should avoid voting on the prospect's candidacy during the prospect's attendance at such a meeting.
7. The Board member who engaged in the initial conversation with the prospect will notify the prospect of the outcome of the Board discussion of the prospect.
8. If the prospect has been offered Board membership but would like to attend a Board meeting before deciding whether to join the Board, the prospect should be invited to the first meeting after the meeting during which the Board votes to extend the offer.