

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

LARRY BARNES FOUNDATION, INC.

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of LARRY BARNES FOUNDATION, INC. duly signed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated: August 24, 1993



Pete T. Cenarrusa
SECRETARY OF STATE
By *[Signature]*

**ARTICLES OF INCORPORATION
OF LARRY BARNES FOUNDATION, INC.**

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SECRETARY OF STATE

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ARTICLE I. NAME.

The name of the Corporation is Larry Barnes Foundation, Inc.

ARTICLE II. NONPROFIT STATUS.

The Corporation is a nonprofit corporation.

ARTICLE III. PERIOD OF DURATION.

The period of duration of the Corporation is perpetual.

ARTICLE IV. INITIAL REGISTERED OFFICE AND AGENT.

The location of this Corporation is in the City of Boise, County of Ada, State of Idaho. The address of the initial registered office is 1401 Shoreline Drive, Boise, Idaho 83702, and the name of the initial registered agent at this address is Christopher W. Clark.

ARTICLE V. PURPOSES.

A. CHARITABLE, RELIGIOUS, EDUCATIONAL OR SCIENTIFIC PURPOSES. This Corporation is organized and will be operated exclusively for purposes which are defined to be charitable, religious, educational, or scientific within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time.

B. DISTRIBUTIONS AND GRANTS FROM INVESTMENT INCOME. To the extent permissible, without violating applicable law relating to Charitable non-profit corporations, it is required that all operating expenses, distributions and grants be paid out of investment income earned on existing corporate assets, future donations and contributions and that no operating expenses, distributions and grants be paid out of the corpus of the corporation's assets.

C. SPECIFIC TYPES OF QUALIFIED DISTRIBUTIONS AND GRANTS. The primary method of carrying out the purposes set forth in Paragraphs A and B of this Article V shall be accomplished by the making of distributions and grants to individuals and organizations in accordance with the qualifying guidelines set forth below in subparagraphs 1, 2, 3 and 4 (as interpreted so as to be in compliance with then current Internal Revenue Codes, Regulations and Rulings relating to charitable distributions and grants). It is specifically noted, however, that all distributions and grants are further limited in that qualified distributions and grants to any one organization or individual may not exceed ten percent (10%) of the total amount of all distributions/grants which are distributed by the Corporation in any one year (this limitation should not be construed as prohibiting the granting of pledges over time periods exceeding one year, just the release of grants or

distributions in any one year that exceed ten percent (10%) of the total grants/distributions made by the Corporation, in addition this limitation shall not apply at dissolution).

1. **AT LEAST SEVENTY PERCENT OF ANNUAL DISTRIBUTIONS AND GRANTS.** At least seventy percent (70%) of all annual distributions and grants shall be made to benefit the people of Idaho, Oregon and Washington in the following order of priority, within the general ranges set forth by each category: humanitarian organizations, meeting individual needs, community development, education and hospitals which are defined, described and limited as more completely referenced within the areas listed below within this subparagraph C(1).

a. **HUMANITARIAN ORGANIZATIONS:** Distributions and grants made under this category shall range from seventeen percent (17%) to twenty percent (20%) of total the annual distributions and grants by the Corporation.

- i) **Homeless:** Organizations meeting the needs of the homeless providing food, clothing, shelter, aid in keeping families together, and assistance in becoming self-sufficient. Qualifying organizations include, but are not limited to, the following:

Boise Rescue Mission
Community Distribution Center
Salvation Army

- ii) **At Risk Families, Children, & Youth:** Organizations assisting families, children and teens in crisis situations such as abuse, neglect, teen pregnancy, death, divorce and major illness. Furnishing housing, all the basic living needs plus counseling, family reconciliation and incentives to finish education. Qualifying organizations include, but are not limited to, the following:

Ada County Abuse Prevention
Booth Memorial
Children's Charity Ball
Eric Martin House
H & W Foster Children's Fund
Hays Shelter Home
Hope House
Maranatha House
Ronald McDonald House
Touchstone

- iii) **Family Support Organizations:** Agencies providing families, children and youth opportunities to learn new skills, develop physically and learn positive, productive lifestyles free from substance abuse and ineffective behaviors. Qualifying organizations include, but are not limited to, the following:

Big Brothers/Big Sisters
Boy Scouts
C.A.P.
Focus on the Family
4-H
Golden Gloves
Junior Achievement
Others
YWCA

- iv) **Special Needs Groups:** Organizations caring for those with special needs such as the mentally retarded, physical disabilities and victims of crime and fire. Providing the fundamental needs of life, medical help and improvement of the overall quality of life. Qualifying organizations include, but are not limited to, the following:

Arthritis Foundation
Disabled Veterans
Easter Seal Society - Goodwill Industries
Fire Fighters Associations
Idaho Handicapped News
Paralyzed Veterans
Police Associations
Special Olympics
United Cerebral Palsy of Idaho
United Way of Ada County

- v) **Seniors:** Agencies maintaining the needs of senior citizens providing basic living needs, medical attention and the ability to continue independence with dignity. Qualifying organizations include, but are not limited to, the following:

Emerald Care Center
F.I.S.H.
Garden Valley Seniors
Melba Senior Center
Paint the Town

Sr. Citizen's Dental Acc.

b. **MEETING INDIVIDUAL NEEDS:** Distributions and grants made under this category shall range from fifteen percent (15%) to eighteen percent (18%) of the total annual distributions and grants by the Corporation.

Assistance to responsible individuals who have been residents of Idaho, Oregon or Washington for at least one year and have exhausted other resources and are not receiving help or are receiving inadequate help from government agencies, family, church and other non-profit organizations.

Included are individuals of good moral character who, by reason of emergencies beyond their control such as accidental injury, illness in family or themselves, death, divorce, inability to obtain employment, and involuntary, sudden cessation of employment, are unable to care for personal living and medical expenses and find themselves in extreme financial hardship. This group encompasses those in permanent need such as invalids, mentally and physically disabled and the elderly.

Medical help, not covered by insurance, and personal living expenses will be considered that are excessive in relation to income and savings and paid directly to the care provider or agency providing the service.

Medical help would include interim payment of insurance premiums for individuals with chronic illnesses who would be uninsurable if insurance lapsed, or group insurance premiums after termination of employment.

c. **COMMUNITY DEVELOPMENT:** Distributions and grants made under this category shall range from twelve percent (12%) to fifteen percent (15%) of the total annual distributions and grants by the Corporation.

Agencies and programs contributing to the general livability, public enjoyment, promotion of our community, and to public education and safety. Qualifying organizations include, but are not limited to, the following:

Boise City Plaza
Boise City Zoo
Boise Neighborhood Housing
Boise River Festival
Boise River Greenbelt

Discovery Center of Idaho
Festival of Christmas Sky
Firefighters Association
Garden Valley Fire Dept.
Horseshoe Bend Library
Idaho Fire Fighters Assoc.
Police Association

d. **EDUCATION:** Distributions and grants made under this category shall range from nine percent (9%) to twelve percent (12%) of the total annual distributions and grants by the Corporation.

Public schools and private Christian schools including elementary, secondary and college levels and organizations promoting competence in business related subjects. Qualifying organizations include, but are not limited to, the following:

Albertson College of Idaho
Big Valley
Boise Public School Endowment Fund
Boise State University
Christian Ed. for the Blind
Crouch Christian School
Friends University
Greenleaf Academy
Idaho Council on Economic Education
Meridian School Dist. #2

e. **HOSPITALS:** Distributions and grants made under this category shall range from seven percent (7%) to ten percent (10%) of the total annual distributions and grants by the Corporation.

Assistance to area hospitals in serving our community, by donating to their indigent care funds or funds for those unable to bear the total cost of hospitalization. Also, grants shall be made to agencies supplying care to outlying areas. Qualifying organizations include, but are not limited to, the following:

Elks Rehabilitation
Gooding Memorial
McCall Hospice
McCall Memorial
Mountain States Tumor Institute
St. Alphonsus Hospital

**St. Luke's Hospital
Virginia Mason**

2. AMOUNT NOT TO EXCEED 25% TO 30% OF ALL ANNUAL DISTRIBUTIONS. An amount not to exceed 25% to 30% of all annual distributions and grants shall be made to Christian church ministries in the following order of priority: missions and evangelism, local church ministries and youth ministries which are defined, described and limited as more completely referenced within the areas listed below within this subparagraph C(2). It is specifically noted that as long as Lenora B. Barnes continues to be a member of this Corporation, she shall have the right to designate up to \$9,000.00 quarterly to qualifying Christian Church ministries and that Lenora B. Barnes' designations shall receive first priority by the Corporation in the making of annual distributions and grants under this subparagraph C(2).

a. **MISSIONS/EVANGELISM:** Distributions and grants made under this category shall range from thirteen percent (13%) to twenty percent (20%) of the total annual distributions and grants by the Corporation.

To aid in the spreading of the gospel of Jesus Christ with priority given to those ministries impacting Idaho or having staff in or from Idaho. Qualifying organizations include, but are not limited to, the following:

AMF
Backcountry & Beyond
Christian Veteran Mission
Cole Missions
GMU
Idaho Mtn. Ministries
Luis Palau Evangelistic Assoc.
MAF
Navigators
Prison Ministries
Quaker Hill
Send, International
Wycliffe International

b. **LOCAL CHURCH MINISTRIES:** Distributions and grants made under this category shall range from three percent (3%) to five percent (5%) of the total annual distributions and grants by the Corporation.

For the education, encouragement and support of local churches, programs and pastors, including local church building programs. Qualifying organizations include, but are not limited to, the following:

Atlanta Christian Chapel
Cole Church
Euclid Church of Nazarene
Ministry to the Aged
Valley Fourth Mem. Church

c. **YOUTH ORGANIZATIONS:** Distributions and grants made under this category shall range from four percent (4%) to five percent (5%) of the total annual distributions and grants by the Corporation.

Organizations focused specifically at youth to spread the gospel of Jesus Christ and provide Christian activities and fellowship. Qualifying organizations include, but are not limited to, the following:

Campus Crusade
Hightime Youth Ministries
Pathfinders
Teen Challenge
Young Life

3. **WORLDWIDE RELIEF EFFORTS.** An amount ranging from zero percent (0%) to three percent (3%) of the total annual distributions and grants by the Corporation shall be made to Worldwide relief efforts which are defined, described and limited as follows: agencies providing citizens of third-world nations the basic necessities of life, medical attention and equipment and training to become self-sufficient and raise their standard of living. Qualifying organizations include, but are not limited to, the following:

Africa Medical Research
International Children's Care
World Vision

4. **REMAINDER OF ANNUAL DISTRIBUTIONS AND GRANTS.** The remainder of available funds (0% to 5% of the total annual distributions and grants) shall be made at the discretion of the Board for charitable, religious, educational, or scientific purposes to entities not included in categories referenced above within subparagraphs C(1), C(2) and C(3) of this Article V. Qualifying organizations include, but are not limited to, the following:

Christian Counseling Center
Idaho Fish & Game
Memorial Gifts

D. **ALL LAWFUL POWERS TO CARRY OUT PURPOSES.** To exercise all powers granted by law necessary and proper to carry out the above--stated purposes,

including but not limited to the power to accept donations of money, property, whether real or personal, or any other thing of value. Nothing herein contained shall be deemed to authorize or permit the Corporation to carry on any business for profit, to exercise any power, or to do any act that a corporation formed under the Act, or any amendment thereto or substitute therefor, may not at that time lawfully carry on or do.

ARTICLE VI. LIMITATIONS.

No part of the net earnings or the assets of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons except that the Corporation 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 V hereof. As noted at Article V, Paragraphs B and C, to the extent permissible under applicable laws, distributions and grants may only be paid out of corporate investment income and annual distributions and grants to any one organization of individual may not exceed ten percent (10%) of annual distributions/grants. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time and in addition, so long as the Corporation continues to be authorized to solely operate as a private foundation (as defined by the Internal Revenue Code), the Corporation is prohibited from acting or failing to act in a way that would trigger excise tax obligations under Internal Revenue Code Sections 4941, 4942, 4943, 4944 or 4945, as amended from time to time (Section 4941 relates to acts of self dealing; Section 4942 involves the failure to distribute income; Section 4943 involves excess business holdings; Section 4944 pertains to investments that jeopardize the charitable purpose; and Section 4945 deals with taxable expenditures).

ARTICLE VII. MEMBERS.

A. **MEMBERS GENERALLY.** The Corporation shall have members who shall have such rights as are provided in the Act and are consistent with the management authority that these Articles grant the Board of Directors of the Corporation.

B. **CLASSES OF MEMBERSHIP.** There shall be two classes of membership in the Corporation, with each class having the designations and rights listed below:

1. **CLASS A MEMBERSHIP.** Class A Membership in the Corporation shall be limited to Lenora B. Barnes of 5120 Sorrento Drive (residence), Boise, Idaho and the issue of Larry B. Barnes and Lenora B. Barnes, husband and wife: Frank B. Barnes, Jon L. Barnes, Cecily Barnes Cooper, Julie Barnes Johnston, and Lori Barnes Girdner and all

natural and adopted descendants of the issue of Larry B. Barnes and Lenora B. Barnes that have attained the age of thirty (30) years of age.

2. **CLASS B MEMBERSHIP.** During the life of Larry B. Barnes of 5120 Sorrento Drive (residence), Boise, Idaho, Class B Membership in the Corporation shall be limited to Larry B. Barnes. Larry B. Barnes shall hold two Class B Membership certificates. As of and at the death of Larry B. Barnes or at the time of adjudicated incompetency, both Class B Membership certificates shall be transferred to the First Security Bank of Idaho, N.A. Main Branch in Boise, Idaho (the "Bank") (or its successor or assign) to be held and administered by the Bank's trust department.

C. ELECTION OF DIRECTORS BY CLASS OF MEMBERSHIP.

1. **CLASS A ELECTED DIRECTORS.** The Class A members shall be entitled to elect six (6) (or three directors if three directors shall constitute three-fourths of the total number of directors) directors to the Corporation's Board of Directors.

2. **CLASS B ELECTED DIRECTORS.** The Class B members shall be entitled to elect two (2) directors (or one director if one director shall constitute one-fourth of the total number of directors) to the Corporation's Board of Directors. In the case of Larry B. Barnes, he may choose to elect himself as a director holding two votes or elect himself and another individual to each hold a position as a director of the Corporation. In the case of the First Security Bank of Idaho, N.A. (or its successor or assign) (the "Bank"), the Bank shall elect two directors (or one director if one director shall constitute one-fourth of all directors). In a case where the "Bank" is electing two directors, the Bank shall elect one Bank trustee, officer/employee to serve as a director and the second director shall be an individual having general business training and experience who is not a director, trustee, officer, or employee of the Bank. In situations where L. B. Industries, Inc. (the Corporation founded by Larry B. Barnes) is still in existence as an operating entity where Lenora B. Barnes and/or the descendants of Larry B. Barnes and Lenora B. Barnes, husband and wife, hold at least thirty percent (30%) of common stock of L. B. Industries, Inc., the Bank shall elect a qualified officer or employee of L. B. Industries, Inc. (who is not a descendant of Larry B. Barnes and Lenora B. Barnes) to serve as the second director. In all other cases, the Bank shall elect a qualified business professional (who is not a director, trustee, officer or employee of the Bank or a descendant of Larry B. Barnes and Lenora B. Barnes, husband and wife) to serve as the second director.

ARTICLE VIII. BOARD OF DIRECTORS.

The affairs of the Corporation shall be managed by its Board of Directors. The Board of Directors shall consist of either four (4) or eight (8) individuals (seven (7) individuals in a case where Larry B. Barnes retains two (2) voting rights as the sole Class B elected director). Directors need not be members of the Corporation. The actual number of Directors shall be fixed by the Bylaws of the Corporation. Other than the Directors

constituting the initial Board of Directors, who are designated in these Articles, the Directors shall be elected by the members or appointed by the existing Directors in the manner and for the term provided in the Bylaws of the Corporation.

The names and street addresses of the persons constituting the initial Board of Directors are:

| <u>NAME</u> | <u>ADDRESS</u> |
|--|--|
| Larry B. Barnes Class B Director (sole) | 1401 Shoreline Drive Boise, Idaho 83702 |
| Lenora B. Barnes Class A Director | 1401 Shoreline Drive Boise, Idaho 83702 |
| Frank B. Barnes Class A Director | 1401 Shoreline Drive Boise, Idaho 83702 |
| Jon L. Barnes Class A Director | 1401 Shoreline Drive Boise, Idaho 83702 |
| Julie Barnes Johnston Class A Director | 1401 Shoreline Drive Boise, Idaho 83702 |
| Cecily Barnes Cooper Class A Director | 1401 Shoreline Drive Boise, Idaho 83702 |
| Lori Barnes Girdner Class A Director | 1401 Shoreline Drive Boise, Idaho 83702 |

ARTICLE IX. DISTRIBUTION ON DISSOLUTION.

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all the assets of the Corporation consistent with the purposes of the Corporation to such organization or organizations as shall at the time qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time, in such manner as the Board of Directors shall determine. Any such assets not so distributed shall be distributed by the district court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations, as such court shall determine to be consistent with the purposes of the Corporation.

ARTICLE X. AMENDMENTS.

The concurring vote of the holders of at least eighty percent (80%) of the Class A Membership certificates of the Corporation (issued, outstanding and entitled to vote) and the unanimous vote of both of the Class B Membership certificates (issued, outstanding and entitled to vote) shall be necessary to amend or repeal these Articles of Incorporation or to adopt new Articles of Incorporation.

ARTICLE XI. BYLAWS.

Provisions for the regulation of the internal affairs of the Corporation shall be set forth in the Bylaws. The Bylaws may be amended by emergency procedures only when holders of both Class B memberships are present and/or participate in establishing the quorum necessary for the voting of such amendments.

ARTICLE XII. REGISTERED OFFICE AND REGISTERED AGENT.

The street address of the Corporation's initial registered office shall be:

1401 Shoreline Drive
Boise, Idaho 83702

The name of the Corporation's initial registered agent at the address of the aforesaid registered office shall be:

Christopher W. Clark

ARTICLE XIII. INCORPORATOR.

The name and street address of the incorporator is Larry B. Barnes, 1401 Shoreline Drive, Boise, Idaho 83702.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of August, 1993.


Larry B. Barnes

State of Idaho)
) ss.
County of Ada)

I, Minnie L. Dodge, a Notary Public, do hereby certify that on this 17th day of August, 1993 personally appeared before me, Larry B. Barnes, who, being by me first duly sworn, severally declared that he is the person who signed the foregoing instrument as Incorporator, and that the statements therein contained are true.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 17th day of August, 1993

Minnie L. Dodge
NOTARY PUBLIC

Residing in Boise, Idaho

My Commission Expires:

7-4-025.93