

**FILED EFFECTIVE****ARTICLES OF INCORPORATION****OF****THE WILD ROSE FOUNDATION, INC.**

The undersigned, acting as incorporator of a corporation under the provisions of the Idaho Nonprofit Corporation Act, hereby signs and verifies the following Articles of Incorporation for such corporation.

**Article I: Name; Nonmember Corporation**

The name of the Corporation is THE WILD ROSE FOUNDATION, INC. (the "Corporation"). The Corporation shall have no members.

**Article II: Duration**

The Corporation shall have perpetual existence.

**Article III: Registered Office and Agent**

The address of the registered office of the Corporation shall be One Coldwater Creek Drive, Sandpoint, ID 83864. The name of the registered agent of the Corporation at such address shall be Rosalind F. Holland.

**Article IV: Purposes and Powers**

**4.1 Purposes.** The purposes for which this Corporation is formed are exclusively charitable, scientific, or educational and consist of the following:

**4.1.1** To improve the overall quality of life of citizens residing and living in the geographic area of Bonner County, Idaho, in areas which may include but shall not be limited to general health and welfare, education, infrastructure and public works, public safety, recreation and the environment.

**4.1.2** To receive, invest and administer funds and other properties and to use them and the income and increment thereof for eleemosynary, charitable, educational or philanthropic purposes and for the support of other charitable activities of a like and similar purpose.

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**4.1.3** To cooperate with and aid other corporations, societies or associations organized and conducted for cognate purposes, to the end of promoting the improvement of those who may be benefited thereby, without discrimination as to age, sex, color or religious inclination; to receive, hold, administer and disburse any moneys, securities, or other property, which may be transferred to this Corporation, by gift, devise, bequest, or otherwise, for any of the uses or purposes above set forth and to invest, conserve, use and disburse such moneys, securities, or other property, and the income derived therefrom, for the uses and purposes herein specified in accordance with the judgment and discretion of the directors of this Corporation.

**4.1.5** To make expenditures and appropriations of funds of the Corporation for the purposes stated in this Article 4 in the State of Idaho and elsewhere.

**4.1.6** To do any and all lawful activities which may be necessary, useful or desirable for the furtherance, accomplishment, fostering or attainment of the purposes stated in this Article 4, either directly or indirectly and either alone or in conjunction or cooperation with others, whether such others be persons or organizations of any kind or nature, such as corporations, firms, associations, trusts, institutions, foundations, or governmental bureaus, departments, or agencies.

## **4.2 Powers.**

**4.2.1** In general, and subject to such limitations and conditions as are or may be prescribed by law, or in the Corporation's Articles of Incorporation or Bylaws, the Corporation shall have all powers which now or hereafter are conferred by law upon a corporation organized for the purposes set forth above, or are necessary or incidental to the powers so conferred, or are conducive to the attainment of the Corporation's purposes.

**4.2.2** Without in any way hereby limiting the powers of the Corporation or of the Board of Directors hereof, the Board of Directors shall specifically have the following powers:

**4.2.2.1** To modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Board of Directors (without the necessity of approval of any participating trustee, custodian, or agent holding assets of this Corporation) such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Corporation.

**4.2.2.2** To replace any participating director, trustee, agent, or custodian holding assets of this Corporation for breach of fiduciary duty under Idaho law.

**4.2.2.3** To replace any participating director, trustee, agent, or custodian holding assets of this Corporation for failure to produce over a reasonable period of time (as determined by the Board of Directors) return of net income (or appreciation when not

inconsistent with the Corporation's need for current income), with due regard to safety of principal.

**4.2.2.4** To serve as a trustee of any inter vivos or testamentary trust in which the Corporation has a beneficial interest, whether vested or contingent.

The Board of Directors shall exercise such powers in the best interests of the Corporation and its exempt purposes.

### **4.3 Private Operating Foundation.**

**4.3.1** The Corporation is intended to qualify as a "private operating foundation" as described in Code Section 4942(j)(3), exempt from federal income taxation under Code Section 501(c)(3). These Articles shall be construed accordingly, and all powers and authority of the directors shall be limited accordingly. The directors shall have the power to amend this instrument in order to comply with the requirements of Code Section 4942(j)(3) and the Regulations thereunder, and any such amendment shall be deemed effective as of the date of original filing of these Articles with the Idaho Secretary of State.

**4.3.2** The Corporation shall make qualifying distributions (within the meaning of Code Section 4942(g)(1) or (2)) directly for the active conduct of the activities constituting the purpose or function for which the Corporation is organized and operated equal to substantially all of the lesser of: (i) the Corporation's adjusted net income (as defined in Code Section 4942(f)), or (ii) the Corporation's minimum investment return; provided, that if the Corporation's qualifying distributions (within the meaning of Code Section 4942(g)(1) or (2)) for the taxable year exceed the minimum investment return for the taxable year but are less than its adjusted net income for the taxable year, then substantially all of such qualifying distributions shall be made directly for the active conduct of the activities constituting the purpose or function for which the Corporation is organized and operated. In addition, the Corporation shall satisfy at least one of the following three requirements:

(i) substantially more than half of the Corporation's assets are devoted directly to such activities or to functionally related businesses (as defined in Code Section 4942(j)(4)), or to both, or are stock of a corporation which is controlled by the Corporation and substantially all of the assets of which are so devoted; or

(ii) the Corporation normally makes qualifying distributions (within the meaning of Code Section 4942(g)(1) or (2)) directly for the active conduct of the activities constituting the purpose or function for which the Corporation is organized and operated in an amount not less than two-thirds of the Corporation's minimum investment return (as defined in Code Section 4942(e)); or

(iii) substantially all of the support (other than gross investment income as defined in Code Section 509(e)) of the Corporation is normally received from the general public and from 5 or more exempt organizations which are not described in Code Section 4946(a)(1)(H) with respect to each other or the Corporation; not more than 25 percent of the support (other than

gross investment income) of the Corporation is normally received from any one such exempt organization; and not more than half of the support of the Corporation is normally received from gross investment income.

#### **Article V: Limitations**

**5.1** All of the purposes and powers of the Corporation shall be exercised exclusively for charitable, scientific, and educational purposes in such manner that the Corporation shall qualify as an exempt organization under Code Section 501(c)(3), and that contributions to the Corporation shall be deductible under Code Section 170.

**5.2** No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, except as otherwise permitted to an organization described in Code Section 501(c)(3). The Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

**5.3** Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal and state income taxes under Code Section 501(c)(3), or (b) by a corporation, contributions to which are deductible under Code Section 170(c)(2).

**5.4** No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable, to its directors, officers, or other private persons, except that the Corporation is authorized or empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes.

**5.5** Upon the winding up and dissolution of the Corporation, the assets of the Corporation remaining after payment of, or provision for payment of, all debts and liabilities of the Corporation, shall be distributed to an organization or organizations recognized as exempt under Code Section 501(c)(3), and used exclusively to accomplish the purposes for which this Corporation is organized.

#### **Article VI: Directors**

The names and addresses of the persons who shall serve as the initial directors of the Corporation are as follows:

<u>Name</u>	<u>Address</u>
<b>Dennis Pence</b>	One Coldwater Creek Drive, Sandpoint, ID 83864
<b>Karen J. Pence</b>	One Coldwater Creek Drive, Sandpoint, ID 83864
<b>Rosalind F. Holland</b>	One Coldwater Creek Drive, Sandpoint, ID

83864

The powers and duties, number, qualifications, terms of office, manner of election, time and criteria for removal of directors shall be as set forth in the Bylaws of the Corporation.

#### **Article VII: Director Liability Limitations**

**7.1** A director shall have no liability to the Corporation for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by the director, or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. To the extent the Idaho Nonprofit Corporation Act now or hereafter authorizes corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the full extent permitted by the Idaho Nonprofit Corporation Act, currently or as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification for or with respect to an act or omission of such director occurring prior to such repeal or modification.

**7.2** Directors of the Corporation shall not be personally liable to the Corporation or its members, if any, for monetary damages for conduct as director, except for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, where the director votes or assents to a distribution which is unlawful or violates the requirements of these Articles of Incorporation, or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled.

#### **Article VIII: Indemnification**

The Corporation shall have the power to indemnify as provided in Idaho Code §30-3-88, as amended.

#### **Article IX: Private Foundation Status**

**9.1 Private Foundation Status.** If and for so long as the Corporation is a private foundation as defined in Code Section 509, then the balance of this article shall apply.

**9.2 Limitations.** The Corporation shall be prohibited from:

**9.2.1** Engaging in any act of "self-dealing" (as defined in Code Section 4941(d)), which would give rise to any liability for the tax imposed by Code Section 4941(a);

**9.2.2** Retaining any "excess business holdings" (as defined in Code Section 4943(c)), which would give rise to any liability for the tax imposed by Code Section 4943(a);

**9.2.3** Making any investment which would jeopardize the carrying out of any of its exempt purposes, within the meaning of Code Section 4944, so as to give rise to any liability for the tax imposed by Code Section 4944(a); and

**9.2.4** Making any "taxable expenditures" (as defined in Code Section 4945(d)) which would give rise to any liability for the tax imposed by Code Section 4945(a).

**9.3 Failure to Distribute Income.** If the Corporation is determined to be a private nonoperating foundation, then the Corporation shall be required to distribute, for the purposes specified herein, for each taxable year, amounts at least sufficient to avoid liability for the tax imposed by Code Section 4942(a).

### **Article X: Bylaws**

Bylaws of the Corporation may be adopted by the Board of Directors at any regular meeting or any special meeting called for that purpose, so long as they are not inconsistent with the provisions of these Articles. The authority to make, alter, amend or repeal Bylaws is vested in the Board of Directors and may be exercised at any regular or special meeting of the Board of Directors.

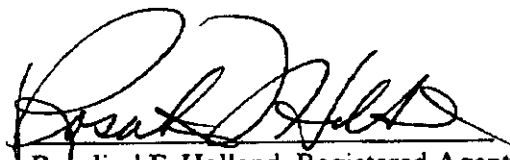
IN WITNESS WHEREOF, the undersigned has signed these Articles of Incorporation this 31 day of August, 2005.

  
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 Dennis Pence, Incorporator

**CONSENT TO APPOINTMENT AS REGISTERED AGENT**

I, Rosalind F. Holland, hereby consent to serve as registered agent, in the State of Idaho, for the following Corporation: **THE WILD ROSE FOUNDATION, INC.** I understand that as agent for the Corporation, it will be my responsibility to accept Service of Process in the name of the Corporation; to forward all mail and license renewals to the appropriate officer(s) of the Corporation; and to immediately notify the Office of the Secretary of State of my resignation or of any changes in the address of the registered office of the Corporation for which I am agent.

Date: August 31, 2005

A handwritten signature in black ink, appearing to read 'Rosalind F. Holland', written over a horizontal line.

Rosalind F. Holland, Registered Agent  
**THE WILD ROSE FOUNDATION, INC.**  
One Coldwater Creek Drive,  
Sandpoint, ID 83864