

Northwest Straits Marine Conservation Foundation Policies

CONTENTS

	Page
Organizational By-Laws	2
Section 501 (c) (3) status letter	7
Audit Policy and Committee Responsibilities	9
Document Retention and Destruction Policy	12
Indirect Policy	19
Joint Venture Policy	20
NWSMCF Procurement, Contracting, Expense Reimbursement and Travel Policy	22
Policy on Conflicts of Interest and Disclosure of Certain Interests	25
Whistleblower Policy	28

ORGANIZATIONAL BY-LAWS
OF
THE NORTHWEST STRAITS MARINE CONSERVATION FOUNDATION
A Non-Profit Corporation

ARTICLE I: PURPOSE

THE NORTHWEST STRAITS MARINE CONSERVATION FOUNDATION, (the Foundation) a non-profit corporation, has been organized and incorporated for the following purposes:

- A. To undertake activities which are exclusively scientific and educational within the meaning of Section 501 (c)(3) of the Internal Revenue Code of 1954, as the same may be amended from time to time, for the purpose of fostering understanding, preservation, and restoration of marine resources in the Northwest Straits region.
- B. In furtherance, but not in limitation, of the foregoing scientific and education purposes, the Foundation shall:
 - 1. Support research, monitoring, restoration, stewardship and education programs and activities about Northwest Straits marine resources, both at a local and ecosystem level;
 - 2. Promote coordination of research, restoration and education activities undertaken by the Foundation with other organizations that promote similar activities, including but not limited to the Northwest Straits Commission and the seven county Marine Resources Committees, Tribes, and federal/state/local agencies and universities.
 - 4. Receive by gift, devise, bequest or otherwise, money, grants, contracts or other property, or any estate therein, legal or equitable, and to hold the same and distribute it, or the income therefrom, for the promotion of the foregoing purposes;
 - 5. Solicit grants and contributions; and
 - 6. Do any other act incidental to or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its members, directors, or officers, except as permitted under Article 6 of the Not-for-Profit Corporation Law.

ARTICLE II: LOCATION

The legal office of the Foundation, at which process against it may be served, will be in Skagit County at: 10441 Bayview-Edison Rd., Mt. Vernon, WA 98273. The general office of the Foundation where normal business is to be conducted shall be 1155 North State Street, Suite 322, Bellingham, WA 98225.

ARTICLE III: BOARD OF DIRECTORS

Section 1 - Composition. The Board of Directors (Board) shall be identical in person, office, and representation to the membership of the Northwest Straits Commission. As Commissioners are named or replaced on the Commission, the Board of Directors shall also

be reconstituted so as to remain identical to the Commission.

Section 2 - Powers and Duties. The Board shall have general authority over the funds, property, and management of the organization. The Board shall be responsible for establishing policy positions of the organization through a simple majority present at a meeting.

Section 3 - Meetings. A meeting of the Board shall be held each year at a time to be arranged by the President at which time a report will be presented outlining the Foundation's accomplishments and financial status. If additional meetings are deemed necessary by the President, he/she shall arrange for such meetings and provide 5 days advance notice to the Board. All meetings of the Board shall substantially follow the rules and procedures for meetings as set forth in the most current edition of Robert's Rules of Order. The presence at any meeting of a majority of the members of the Board shall be necessary and sufficient to constitute a quorum for the official transaction of business.

Section 4 - Officers and Employees. The vice-chair and chair of the Commission shall serve as the vice-president and president of the Board respectively. The Board shall have the authority to employ or contract for a Director and a Treasurer which shall be officers of the Foundation, or other employees of the Foundation, with or without compensation, all of whom shall serve at the pleasure of the Board.

ARTICLE IV: COMMITTEES

Section 1- Executive Committee. An Executive Committee shall be established for the purpose of conducting the day-to-day business of the Foundation and shall have the power to act for the Board. Membership of the Executive Committee shall be identical in person, office and representation to the membership of the Executive Committee of the Northwest Straits Commission. The Director and Treasurer of the Foundation shall serve as non-voting, ex-officio members of the Executive Committee. Meetings of the Executive Committee shall be called by the Chair, the Director or at the request of two or more Committee members. A majority of the official members must be present at any meeting to constitute a quorum and to transact official business. Members may be present by physical attendance, telephone connection, or by written proxy submitted to the Chair prior to the start of the meeting.

Section 2 – Growth and Development Committee. A Growth and Development Committee may be established for the purpose of guiding and assisting fundraising activities of the Foundation. The Growth and Development Committee will report to the Foundation board and will serve at the pleasure of the board. The Treasurer shall serve as a non-voting, ex-officio member of the committee.

Section 3 – Other Committees--Establishment. The Board shall have the authority, in addition to Article IV, Section 1, to establish standing or ad-hoc committees to carry out the objectives of the Corporation. Committee members may be from the Board or others as appointed by the Board.

ARTICLE V: INDEMNIFICATION AND INSURANCE

Section 1 - Indemnification. No governor, officer, delegate, representative, or employee of the Foundation shall be personally liable for any obligations of the Foundation or for any

duties or obligations arising out of any acts or conduct of said governor, officer, delegate, employee, or representative performed for or on behalf of the Foundation. The Foundation shall and does hereby indemnify and hold harmless each person and his or her heirs and personal representatives who shall serve at any time hereafter as a delegate, governor, employee, representative, or officer of the Foundation from and against any and all claims, judgments, and liabilities to which such persons shall become subject by reason of either heretofore or hereafter serving as a delegate, representative, employee or officer of the Foundation, or by reason of any action alleged to have been heretofore or hereafter taken or refrained from by any such delegate, representative, employee, governor, or officer and shall reimburse each such delegate, governor, representative, employee or officer for all legal and other expenses reasonably incurred in connection with the defense of any such claim or liability; including the power to defend such person from all suits or claims as provided for under the provisions of the Not-for-Profit Corporation Law or the applicable corporation laws of any state in which the Foundation transacts business; provided, however, that no such person shall be indemnified against, or be reimbursed for, any expense incurred in connection with any claim or liability arising out of such person's own willful misconduct. The rights accruing to any person under the foregoing provisions of this section shall not exclude any other right to which such person may lawfully be entitled, nor shall anything herein contained restrict the right of the Foundation to indemnify or reimburse such person in any proper case, even though not specifically herein provided for. The Foundation, its representatives, governors, officers, employees, delegates, and agents shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of governors, members, or disinterested directors, or other wise, both as to action in an official capacity and as to action in any other capacity while holding such office, and shall continue as to such person who has ceased to be a delegate, officer, governor, representative, employee, or agent, and shall inure to the benefit of the heirs and personal representatives of such person.

Section 2 - Insurance. The Foundation shall purchase and maintain insurance on behalf of any person who is, or was, a delegate, representative, governor, director, officer, or employee of the Foundation, or is or was serving at the request of the Foundation as a delegate, representative, officer, director, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify him/her against liability under the provisions of this section or of the Not-for-Profit Corporation Law.

ARTICLE VI: EXPENSES, FINANCES, COMPENSATION, AND RECORDS

Section 1 - Expenses. A budget shall be presented annually by the Treasurer to the Board for approval at their annual meeting. The Foundation shall have the authority to receive and/or distribute funds, or advocate funding for other organizations to achieve the purposes of NWSMCF as set forth in ARTICLE I.

Section 2 - Finances. All checks, drafts, and other payment of funds to or by NWSMCF shall be signed by the Treasurer of the Foundation, or in his/her absence by both the Director and the President. Checks in excess of \$10,000 shall require the prior approval of the Board, unless it meets criteria under article VII as a payment for a project already approved in the workplan, or for payments of contractual obligation previously approved by the Board or the

Executive Committee.

Section 3 – Signature Authority. The Director shall have authority to sign contracts, grant applications or otherwise obligate the Foundation. The exercise of this authority must be reasonable and prudent and within the objectives and mission of the Foundation. Contracts, grants or obligations in excess of \$10,000 shall require the prior approval of the Executive Committee, unless it meets criteria under article VII as a project already approved in the workplan. The Treasurer shall have the authority to review individual grant applications for budgetary purposes.

Section 4 - Records. The Foundation will keep correct and complete books and records of all income and expenditures in accordance with normal accounting procedures and prepare an annual report identifying the financial activity of the past year to be presented at the annual meeting. Such financial records shall be kept on file with the Treasurer. The Treasurer shall file annual federal tax returns as required. The Director of the Foundation shall record and retain minutes and notes of official meetings and all business conducted. The Director shall also send notices of all meetings of the Board and Executive Committee, and shall serve as registered agent for the Foundation. Foundation records will be kept on file with the Foundation's Director and will be open for inspection at the request of any member of the Board.

Section 5 - Fiscal Year. The fiscal year of the Foundation shall be July 1 through June 30.

Section 6 - Compensation. No compensation shall be paid to any member of the Board for services as a member of the Board. By decision of the Board, reasonable expenses may be allowed for attendance or travel at regular and/or special meetings of the Board or other activities deemed appropriate.

Section 7 – Contracts. The Foundation provides support by raising funds to implement programs and projects of the Initiative. These funds are often disbursed through contracts and subcontracts to organizations, agencies, corporations, and individuals. Budgets associated with these contracts often include a category for indirect or facilities and maintenance costs. It is the policy of the Northwest Straits Foundation to pay no more than 10% of total staff salaries and benefits as indirect costs associated with contracts or subcontracts. Indirect costs include but are not limited to: rent or mortgage, utilities, maintenance, and facilities costs. Exceptions to the 10% limit may be authorized after consideration and approval by the Executive Committee.

Section 8 – Capital and Real Property. All capital purchases shall be made consistent with the annual budget unless otherwise approved by the Executive Committee. The Foundation will not acquire, encumber, or dispose of any real property.

ARTICLE VII: ANNUAL WORK PLAN

An annual work plan shall be prepared which identifies projects to be accomplished. The Board shall review and approve the work plan. Once a work plan is approved, Foundation staff or others writing on behalf of the Foundation need not seek approval for individual grant applications that support the workplan. The exception to this would be for any funding source that is considered to be mitigation funding. Applications to utilize mitigation funds must be

considered and approved on an individual case-by-case basis by the Executive Committee. In cases where a funding opportunity is time-sensitive but not included in the current workplan, approval for the project can be accomplished via email or at the next Board meeting.

ARTICLE VIII: DISSOLUTION

Upon the dissolution of this Foundation, after paying or adequately providing for the debts and obligations of the Foundation, the remaining assets shall be distributed to a non-profit fund, foundation, or corporation which is organized and operated exclusively for marine conservation education and/or scientific purposes and which has established its tax exempt status under Section 501 (c)(3) of the Internal Revenue Code.

ARTICLE IX: COMPLIANCE

The Articles of Incorporation and these bylaws for the Northwest Straits Marine Conservation Foundation shall in all respects be in compliance with the provisions of the Not-for-Profit Corporation Law in the state of Washington.

ARTICLE X: AMENDMENTS

The Board may amend these bylaws during any legal meeting with 5 days prior notice to all Board members. Any number of amendments or an entire revision may be submitted and voted upon at a single meeting of the Board and will be adopted upon receiving a majority vote of the members of the Board.

These amended bylaws adopted by the Board of the NORTHWEST STRAITS MARINE CONSERVATION FOUNDATION this 25th day of June, 2010.



President

Northwest Straits Marine Conservation Foundation Board of Directors has previously amended and adopted these bylaws on the following dates:

March 23, 2007
March 31, 2006
February 24, 2006
April 26, 2002

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: Oct 11, 2002

Employer Identification Number:
91-2147136

DLN:
17053255004002

NORTHWEST STRAITS MARINE
CONSERVATION FOUNDATION
10441 BAYVIEW-EDISON RD
MOUNT VERNON, WA 98273

Contact Person:
DEL TRIMBLE ID# 31309

Contact Telephone Number:
(877) 829-5500

Accounting Period Ending:
June 30

Form 990 Required:
Yes

Addendum Applies:
No

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501 (c) (3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in sections 509(a) (1) and 170(b) (1) (A) (vi).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, if you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4958. Additionally, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment or other federal taxes, please contact your key district office.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a) (1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a) (1) organization.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so be sure your return is complete before you file it.

You are required to make your annual information return. Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above. You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501 (c) (3) of the Code. To assure your continued exemption, you should keep records to show that funds are expended only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501 (c) (3). In cases where the recipient organization is not exempt under section 501 (c) (3), there should be evidence that the funds will remain dedicated to the required purposes and that they will be used for those purposes by the recipient.

If we have indicated in the heading of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Lois G. Lerner", is written over a horizontal red line.

Lois G. Lerner
Director, Exempt Organizations

Northwest Straits Marine Conservation Foundation

Audit Policy and Committee Responsibilities

General

The Northwest Straits Marine Conservation Foundation (NWSMCF) requires directors, officers and employees to practice honesty and integrity in fulfilling our fiscal responsibilities and comply with all applicable laws and regulations at all times. To insure proper accounting and handling of funds, the NWSMCF will retain qualified auditors to review its accounts and practices, and will establish and empower a standing committee (the Audit Committee) to carry out these responsibilities. Unless otherwise decided by the Board of Directors, an audit shall be conducted annually.

Organization

The NWSMCF Board of Directors shall appoint a standing Audit Committee from the Governing Board whose term of service shall be two years and appoint a Committee Chair from those appointed. Committee members shall not have a financial interest in or any other conflict of interest with any entity doing business with the NWSMCF. Members of the audit committee shall have the financial competency to understand financial statements, evaluate accounting company bids, and make sound financial decisions.

Responsibilities

The Audit Committee is charged with assisting the Board in fulfilling its oversight responsibilities by reviewing the systems of internal controls that staff, directors and officers have established and the audit process. It is responsible for:

- handling all whistleblower issues for the NWSMCF;
- reviewing the committee's charter on an annual basis and recommending modifications, as necessary, to the Board of Governors;
- ensuring that the auditing firm has the requisite skills and experience to carry out the auditing function for the NWSMCF;
- meeting with the auditor;
- reviewing the annual audit; and
- recommending the annual audit to the Board for discussion and acceptance.

Audit Procedures

Annually the Audit Committee will meet in person or by conference call to:

- recommend the selection, retention, and when necessary (on a five-year cycle) the replacement of the external auditor;
- review the engagement letter from the external auditors for all audit and compliance services;
- review and approve the expected fee for the upcoming audit and assure that the fee is fair to the organization and is compatible with a full, complete and professional audit;
- review the scope and approach of the annual audit, including the identification of business and financial risks and exposures, with the external auditor;
- confirm the independence of the external auditor;
- resolve disagreements between the external auditors and NWSMCF staff, officers and directors;
- require that the lead and concurring partner on the audit engagement team will not serve for more than five years; and
- pre-approve any non-auditing functions (e.g., tax services and preparation of Form 990) to be performed by that firm

Annually the Audit Committee will meet with the auditor in person or by conference call and review with officers and staff and the external auditor:

- the management letter;
- the NWSMCF's annual financial statements and related footnotes;
- the external auditor's audit of the financial statements and the auditor's report thereon; any significant changes in scope required in the external auditor's plan;
- any serious difficulties or disputes with officers or staff encountered during the course of the audit;
- the existence of significant estimates and judgments underlying the financial statements, including the rationale behind those estimates as well as the details on material accruals and reserves;
- other matters related to the conduct of the audit, which are to be communicated to the committee under generally accepted auditing standards; and

- changes in accounting principles, including the rationale for such changes and their impact on the financial statements.
- review with auditors and management the adequacy of the internal controls and recommend changes if needed.

Policy Approved by the NWSMCF Board of Directors on June 26, 2009 .

Chair

Northwest Straits Marine Conservation Foundation

Document Retention and Destruction Policy

General

Financial information is an important asset of NWSMCF. This policy applies uniformly to documents retained in any form and therefore applies equally to the retention and destruction of email or other electronic materials as well as material in paper form.

As electronic information becomes more prevalent than paper information, NWSMCF understands that electronic information is easily disseminated, accessible from a variety of sources and is also readily retrievable and traceable even after “deletion”. As such, NWSMCF staff, officers or directors that create or maintain information in electronic form (e.g. emails, files, etc) are required to act prudently in the creation, drafting, storage, etc. of such materials. Because inappropriate or poorly phrased words can be construed in ways not intended by the drafter, NWSMCF staff, officers or directors, must regard all electronic information as potentially public material and must consider all audiences when addressing sensitive issues in any written form. This is not to say that NWSMCF regards electronic information as public material and requires NWSMCF staff to maintain and abide by NWSMCF’s confidentiality policies with regard to any and all confidential or business proprietary information.

Financial & Accounting Documents Included in Policy

This document retention policy includes all accounting and financial materials, in any form (e.g. paper, electronic, audio, video, etc). All NWSMCF employees, officers and directors must adhere to this policy.

Documents To Be Retained

It is NWSMCF’s policy to retain documentation necessary to support our accounting and financial records (including annual CPA reports, management letters, and tax reports). Drafts and/or other documents not utilized should not be retained. Documents transmitted as attachments via email should be considered separately from the email messages to which they are attached.

Procedures For Document Storage

Documents attached to and transmitted by email should be stored in machine-readable format in the appropriate folders. Those email messages which actually contain information pertinent to the completion of a financial statement, such as NWSMCF’s response to a list of questions, should be copied in PDF or other machine readable format and included in the source documents folder. Email messages not saved for filing in the correspondence file or other appropriate folder should be deleted.

File Category	Item	Retention Period
---------------	------	------------------

Corporate Records	Board and committee meeting agendas and minutes	Permanent
	Bylaws and Articles of Incorporation	Permanent
	Conflict-of-interest disclosure forms	4 years
	Corporate resolutions	Permanent
Finance and Administration	Accounts payable ledger	7 years
	Auditor management letters	Permanent
	Bank deposits and statements	7 years
	Charitable organizations registration statements (filed w/state)	7 years
	Chart of Accounts	7 years
	Check register	Permanent
	Checks	7 years
	Contracts and agreements	7 years after all obligations end
	Correspondence – general	3 years
	Equipment files and maintenance records	7 years after disposition
	Expense reports	7 years
	Financial statements (audited)	Permanent
	General ledgers, journal entries and financial statement workpapers (including, but not limited to: bank	7 years

	reconciliations, budget to actuals, revenue and expense reporting by month)	
	Investment consultant reports	7 years
	Investment manager correspondence	7 years
	Investment manager contracts	7 years after all obligations end
	Investment performance reports	7 years
	Payroll records	7 years
Insurance Records	Accident reports	7 years
	Claims (after settlement)	7 years
	Fire inspection records	7 years
	Group disability reports	7 years after end of benefits
	Policies – claims-made type	7 years after end of policy period
	Policies – occurrence type	7 years after end of policy period
	Safety (OSHA) reports	7 years
Real Estate	Leases (expired)	7 years after all obligations end
Tax	Correspondence with legal counsel or accountants, not otherwise listed	7 years after return is filed
	IRS Form 990s	Permanent

	IRS exemption determination and related correspondence	Permanent
	Payroll tax returns	7 years
	Sales tax returns	7 years
Communications	Annual reports	Permanent
	Other publications	7 years
	Press clippings	7 years
	Press releases	Permanent
	Photos	7 years
Donor Services	Correspondence – acknowledgement of gifts and grant requests	Permanent
	Donor fund statements	Permanent
	Fund agreements (paper and digital copies)	Permanent
Community Philanthropy	Approved grants – all documentation supporting grant payment, including application/recommendation, due diligence, grant agreement letters, grant transmittal letters, and post-grant reporting information, if any	7 years after completion of funded program, or date of grant if general operating support
	Declined/withdrawn grant applications	3 years
	Foundation funding requests, correspondence, and reports (funding received)	7 years after completion of program
	Foundation funding requests (denied)	3 years
Consulting Services	Consulting contracts	7 years after all obligations

		end
Human Resources	Employee benefit forms	7 years
	Employee personnel files	Permanent
	Employee orientation and training materials	7 years after use
	Employer handbooks	Permanent
	Employment applications	1 year
	IRS Form I-9 (store separate from personnel file)	Greater of 1 year after end of service, or three years
	Resumes	1 year
	Retirement plan benefits (plan descriptions, plan documents)	Permanent
	Workers comp claims (after settlement)	7 years
Technology	Software licenses and support agreements	7 years after all obligations end
General Administration	Correspondence – Executive Director	7 years
	Appointment calendars	7 years

Retention periods commence immediately following the date of the financial statements or the taxable year in case of the returns.

Electronic Document Storage

The general requirements are that an electronic storage system must:

- 1) ensure an accurate and complete transfer, indexation, storage, preservation, retrieval and reproduction of the hard copy or computerized books and records;
- 2) include reasonable controls to ensure the integrity, accuracy, reliability, and security of the system;
- 3) the ability to reproduce legible and readable hard copies; and
- 4) provide support for NWSMCF's books and records.

In any case, books and records must be retained, at a minimum, until the expiration of the statute of limitations for each tax year.

Destruction and Control

Destruction of documents is as important as their storage. Paper documents which are not to be retained in the organization's files must be shredded or incinerated if they contain confidential information, business proprietary, other sensitive data, or, if it is member data, if NWSMCF is obligated by other laws to so destroy such materials. Any paper with a social security number, federal ID number or other such information that could reasonably be used to identify a person or corporate entity must be destroyed in this manner. Electronic materials are to be destroyed by either deleting them from the medium on which they are stored or destroying the medium (e.g. disk). Any exceptions to the above retention policies must be approved by NWSMCF's Executive Director in writing.

Should NWSMCF become aware or reasonably anticipate that a government agency is conducting or will imminently conduct an investigation of NWSMCF or a member or that a private litigation is pending or threatened even if NWSMCF is not a party, NWSMCF shall immediately suspend any scheduled document destruction and take affirmative steps, including notification to all staff, to retain all related records even though no request has been made for such records (e.g. subpoena, discovery request, etc). Failure to do so may result in violations of state or federal law or may result in court citation of NWSMCF and/or individual persons.

Policy Approved by the NWSMCF Board of Directors on June 26, 2009.

Chair



NORTHWEST STRAITS
marine conservation initiative

The Northwest Straits Marine Conservation Foundation is a non-profit corporation created to provide support for the work of the Northwest Straits Marine Conservation Initiative. The Foundation provides support by raising funds to implement programs and projects of the Initiative. These funds are often disbursed through contracts and subcontracts to organizations, agencies, corporations, and individuals. Budgets associated with these contracts often include a category for indirect or facilities and maintenance costs.

It is the policy of the Northwest Straits Foundation to pay no more than 10% of total staff salaries and benefits as indirect costs associated with contracts or subcontracts. Indirect costs include but are not limited to: rent or mortgage, utilities, maintenance, and facilities costs.

Adopted by the Executive Committee of the Northwest Straits Foundation on March 15, 2007.

A handwritten signature in black ink, reading "Duane Fagergren". The signature is fluid and cursive, with a long horizontal stroke at the end.

Duane Fagergren, President

A handwritten signature in black ink, reading "Lew Moore". The signature is cursive and somewhat stylized, with a long horizontal stroke at the end.

Lew Moore, Secretary

Northwest Straits Marine Conservation Foundation Joint Venture Policy

General

The Joint Venture Policy of the Straits Marine Conservation Foundation (NWSMCF) requires that NWSMCF evaluate its participation in joint venture arrangements under federal tax law and take steps to safeguard NWSMCF's exempt status with respect to those arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to undertake jointly a specific business enterprise, investment or exempt-purpose activity.

Joint Ventures or Similar Arrangements with Taxable Entities

For purposes of this policy, a joint venture ("venture") means any joint ownership or contractual arrangement through which there is an agreement to undertake jointly a specific business enterprise, investment or exempt-purpose activity without regard to: (a) whether NWSMCF controls the venture; (b) the legal structure of the venture; or (c) whether the venture is taxable as a partnership or an association or a corporation for federal income tax purposes. A venture shall be deemed to conform to this policy if it meets both the following conditions:

- (a) 95% or more of the venture's income for its tax year ending within NWSMCF's tax year is excluded from unrelated business income taxation, including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt financing; and (iv) gains or losses from the sale of property; and
- (b) The primary purpose of NWSMCF's contribution to or investment or participation in the venture is not the production of income or appreciation of property.

Safeguards to Ensure Exempt Status Protection

NWSMCF will: (a) negotiate in its transactions and arrangements with other members of the venture such terms and safeguards adequate to ensure that NWSMCF's exempt status is protected; and (b) take steps to safeguard NWSMCF's exempt status with respect to the venture. Some examples of safeguards include:

- (a) Control over the venture sufficient to ensure that it furthers the exempt purpose of NWSMCF;
- (b) Requirements that the venture gives priority to exempt purposes over maximizing profits for the other participants;
- (c) The venture is not engaging in activities that would jeopardize NWSMCF's exempt status; and

- (d) Safeguards that all contracts entered into with the taxable entity be on terms that are at arm's length or more favorable to NWSMCF.

Policy Approved by the NWSMCF Board of Directors on June 26, 2009.

Chair

NWSMCF Procurement, Contracting, Expense Reimbursement and Travel Policy

General

The Northwest Straits Marine Conservation Foundation (NWSMCF) requires Board members (directors), officers and staff to practice efficiency and integrity in purchasing, bidding, contracting, and seeking and making travel arrangements and expense reimbursements. Individuals representing NWSMCF should exercise discretion in incurring expenses and seek to conserve NWSMCF resources at all times.

The purchase of supplies, equipment and services should be made at the lowest reasonable cost. Recognizing the value of staff time, however, the purchase of common office supplies and equipment may be made through regular vendors without the necessity of researching lowest available pricing.

The Director may not make or authorize any purchases or commit the association to any unbudgeted expenditure greater than \$2,500 or operate without prudent administrative controls on procurement.

The Director or Board may not obligate the NWSMCF to expend funds in years beyond the current fiscal year, unless such funds have been approved by the Board for budgeting in a future year or the current NWSMCF budget includes the prorated annual portion of the obligation (e.g., a lease, computer consulting, etc.).

All contracts expected to exceed \$50,000 require the publication and distribution of a request for proposals. The Director or his/her designee will secure at least two competitive bids for all purchases and contracts of \$50,000 or greater.

For contracts expected to cost less than \$50,000 but exceed \$20,000, the Director and his/her designee will obtain three or more price quotes from reputable service providers.

The expenditure of state or federal grant funds shall adhere to the requirements set forth in the state or federal awards and other relevant or referenced state or federal policies and regulations.

The NWSMCF is not allowed to acquire, encumber, or dispose of any real property.

General Supplies and Capital Purchases, Equipment Capitalization/Depreciation

Purchases of small items may be initiated by staff upon approval by the Director. Upon delivery, all orders are verified for proper contents and receipts provided to the bookkeeper.

All capital purchases are to be made in accordance with a capital budget and are purchased by and pre-approved in writing by the Director. Upon delivery, all orders are verified. When furniture and equipment are purchased they shall be tagged and added to the official inventory list, with date of purchase and funding source noted.

Capital items with a purchase price of over \$4,000 will be placed on a depreciation schedule. A capital item is a nonconsumable tangible item that has a life span of more than one year.

Contracting, Negotiation and Review

If a contract is expected to exceed \$50,000, the NWSMCF will publish a request for proposals (RFP) on its website. The Director and members of the Board of Directors will coordinate to ensure that the RFP is widely distributed to persons or companies qualified to bid on the proposal.

At least two competitive bids are required for all purchases and contracts of \$50,000 or greater. If only one bid is received, the Director will consult with the Executive Committee to determine if the proposal period should be extended, new bidders sought, or if the project's timely completion requires selecting the sole bidder.

For contracts expected to cost less than \$50,000 but exceed \$20,000, the Director and his/her designee will obtain three or more price quotes from reputable service providers. The Director will establish a contract or bid review procedure that ensures that the NWSMCF's funds are managed wisely. The Director, Treasurer, staff and members of the Board of Directors may participate in reviewing all contract proposals and bids. Additional participants may be included on behalf of the NWSMCF in order to provide expertise as needed.

The Director negotiates all contracts, or may delegate negotiations to any member(s) of the Board of Directors or Executive Committee. Amendments or changes to contracts shall be approved in writing by the Director. Contract changes that significantly expand the scope or cost of a contract shall be reviewed by the Executive Committee.

Contracts or other expenditure of state or federal grant funds shall adhere to the requirements set forth in the state or federal award conditions and other applicable or referenced state or federal policies and regulations.

Procurement Methods & Credit Cards

Purchases of small items may be made in cash and a request for reimbursement, approved in writing by the Director, shall be submitted to the Treasurer for payment.

NWSMCF may maintain Credit Card(s) for use by the Director, Treasurer, or staff as approved by the Executive Committee. Purchases shall adhere to all applicable NWSMCF policies, and the limits on each card shall not exceed \$5,000. If a card is lost or stolen the Treasurer must be notified within 24 hours so the bank can be alerted. Credit cards shall be used only for NWSMCF business.

Travel

Travel for NWSMCF purposes shall be conducted using the least expensive mode or carrier except in the case where geography and time efficiencies dictate a more expensive mode. The Director shall review and approve in writing all instances when the least expensive mode is not used.

Commercial airline travel shall be via “coach” rate and competing airline fares shall be examined to keep costs to a minimum.

Reimbursement rates for using personal vehicles (mileage), overnight accommodation and meal reimbursement costs shall be limited to the maximum rates used by the State of Washington at the time of the travel. Exceptions to this requirement may be made with prior written approval of the Director. Receipts for hotels, meals and other minor travel expenses shall be kept and provided for reimbursement.

This revised Policy was approved by the NWSMCF Board of Directors on December 10, 2010.

Northwest Straits Marine Conservation Foundation Policy on Conflicts of Interest and Disclosure of Certain Interests

General

The purpose of the following policy and procedures is to complement the Northwest Straits Marine Conservation Foundation's (NWSMCF's) bylaws to prevent the personal interest of officers, directors, contractors and employees from interfering with the performance of their duties to NWSMCF, or result in personal financial, professional, or political gain on the part of such persons at the expense NWSMCF or its stakeholders.

This conflict of interest policy is designed to help directors, officers, contractors and employees of NWSMCF identify situations that present potential conflicts of interest. It also provides the NWSMCF with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though a director, officer, contractor or employee has or may have a conflict of interest with respect to the transaction.

Definitions

1. A "Conflict of Interest" is any circumstance described in the "Conflict of Interest Described" section of this policy
2. A "Responsible Person" is any person serving as an officer, director, employee, contractor, or member of the Governing Board of NWSMCF.
3. A "Family Member" is a spouse, domestic partner, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.
4. A "Material Financial Interest" in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation.
5. A "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of pecuniary relationship. The making of a gift to the NWSMCF is not a Contract or Transaction.

Conflict of Interest Described

For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest.

Outside Interests

1. A Contract or Transaction between NWSMCF and a Responsible Person or Family Member.
2. A Contract or Transaction between NWSMCF and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent,

employee, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative.

Outside Activities

1. A Responsible Person competing with NWSMCF in the rendering of services or in any other Contract or Transaction with a third party.
2. Responsible Person's having a Material Financial Interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative of, or consultant to; an entity or individual that competes with NWSMCF in the provision of services or in any other Contract or Transaction with a third party.

Gifts, Gratuities and Entertainment

1. A Responsible Person accepting gifts, entertainment or other favors from any individual or entity that:
 - a. Does or is seeking to do business with, or is a competitor of NWSMCF; or
 - b. has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from NWSMCF;
 - c. is under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of NWSMCF.

Procedures

1. Prior to board or committee action on a Contract or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.
2. A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
3. A person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
4. A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a conflict of interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
5. Responsible Persons who are not members of the Governing Board of NWSMCF, or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of board or

committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect NWSMCF's participation in such Contract or Transaction. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chair or the Chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

Confidentiality

Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of NWSMCF. Furthermore, a Responsible Person shall not disclose or use information relating to the business of NWSMCF for the personal profit or advantage of the Responsible Person or a Family Member.

Review of Policy

1. Each new Responsible Person shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.
2. Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions or circumstances might include service as a director of or consultant to a nonprofit organization, or ownership of a business that might provide goods or services to NWSMCF. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.
3. This policy shall be reviewed annually by each member of the Governing Board. Any changes to the policy shall be communicated immediately to all Responsible Persons.

Policy Approved by the NERRA Board of Directors on June 26, 2009.

Chair

Northwest Straits Marine Conservation Foundation Whistleblower Policy

General

The Northwest Straits Marine Conservation Foundation (NWSMCF) requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of NWSMCF, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to report ethics violations or suspected violations in accordance with this Whistleblower Policy.

No Retaliation

No director, officer or employee who in good faith reports an ethics violation shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within NWSMCF prior to seeking resolution outside NWSMCF.

Reporting Violations

NWSMCF has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, the Executive Director (ED) is in the best position to address an area of concern. However, if you are not comfortable speaking with the ED, are not satisfied with the ED's response, or feel the issue may involve the ED, you are encouraged to speak with the President of the Governing Board or anyone on the Audit Committee or Governing Board you are comfortable in approaching. Employees are required to report suspected ethics violations to NWSMCF's compliance officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following NWSMCF's open door policy, individuals should contact NWSMCF's compliance officer directly.

Compliance Officer

NWSMCF's Compliance Officer is the chair of the audit committee. NWSMCF's Audit Committee Chair is responsible for investigating and resolving all reported complaints and allegations concerning violations and, at his/her discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors and is required to report to the audit committee at least annually on compliance activity.

Accounting and Auditing Matters

The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Audit Committee Compliance Officer

Terry Stevens, Padilla Bay NERR: tstevens@padillabay.gov or 360-428-1045

NWSMCF Officers and Staff

OFFICERS:

Ginny Broadhurst, Director: 10441 Bayview Edison Road, Mount Vernon WA 98273 360-428-1085
broadhurst@nwstraits.org

Terence Stevens, Treasurer: 10441 Bayview Edison Road, Mount Vernon WA 98273 360-428-1045
tstevens@padillabay.gov

Terry Williams, President: 7411 Tulalip Bay Dr Suite B, Tulalip, WA 98271. 360-651-4472,
terrywilliams@tulaliptribes-nsn.gov

Lenny Corin, Vice President: 2127 Barque Rd, Oak Harbor, 98277. 360-382-2006. lpcorin@gmail.com

Policy Approved by the NWSMCF Board of Directors on June 26, 2009.

Chair