

Additional Provisions:
Articles of Incorporation – Nonprofit
ChicoryLane Private Operating Foundation

Article I: Purpose

This corporation is organized exclusively for the preservation and maintenance of undeveloped, ecologically significant lands and for charitable, educational, aesthetic, scientific, and similar purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section **501(c)(3)** of the Internal Revenue Code, or the corresponding section of any future federal tax code. Specifically, this corporation is established to operate as a **private operating foundation** as defined in Section 4942(j)(3) of the Internal Revenue Code, **dedicating a significant portion of its resources to the active conduct of its exempt activities, directly carrying out its charitable purposes rather than merely funding other organizations.**

Article II: Dissolution

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or to the federal government, or to a state or local government for a public purpose. Any such assets not disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes.

Article III: Prohibited Distributions

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, 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 I hereof. Furthermore, the corporation is only authorized to reimburse expenses incurred by disqualified persons as defined in Section 4946(a) of the Internal Revenue Code, or the corresponding section of any future federal tax code, in the course of performing services or carrying out activities that directly advance the corporation's exempt charitable purposes. Such reimbursements shall be made only if the expenses are reasonable, necessary, documented, and directly related to the exempt

purposes of the corporation. All such reimbursements must be approved in accordance with the corporation's written policies and procedures designed to ensure that such payments do not constitute prohibited inurement or impermissible private benefit. This is to ensure that the corporation operates for charitable purposes and not for the benefit of private interests, thereby preventing any possibility of inurement or impermissible private benefit.

Article IV: Prohibited Activities

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 or in opposition to any candidate for public office.

Article V: Asset Test

We expect to satisfy Private Operating Foundations qualifying tests in the following manner:

- Income Test
 - We expect to meet the Income Test through Minimum Investment Returns:
 - Annual Return on Investment for the Foundation Endowment calculated using the Average of the value of the Endowment for each month of the Foundation's fiscal year
 - Minimum Investment Return calculated at 5% of the Annual Return on Investment
 - At least 85% of the Foundation's Minimum Investment Return (or Adjusted Net Income) will be spent directly for the Active Conduct of the Foundations Exempt Activities
- Endowment Test
 - We expect to meet the Endowment Test by using at least two-thirds (67%) of the Foundations Minimum Investment Returns
 - By making qualifying distributions directly for the Active Conduct of the Foundations Exempt Activities

**Bylaws
ChicoryLane Foundation**

DEFINITIONS

Article I. As used in these Bylaws

- a. "Foundation" means The ChicoryLane Foundation
- b. "Board" means the Board of Directors of the Foundation.
- c. "Chairperson" means Chairperson of the Board
- d. "Vice Chairperson" means Vice Chairperson of the Board
- e. "Secretary" means Secretary of the Board
- f. "Treasurer" means Treasurer of the Board
- g. "Family" refers to the two (2) related Co-Founders of the Foundation (John B. Smith and Catherine F. Smith) and their sole direct (1) Descendant (Ian J. Smith).
 - i. "Family Member" refers to an individual member of the aforementioned Family
 - ii. "Family Council" refers to the group of individual Family Member who may appoint Family Members as Family Directors with assigned Roles, as provided for in these Bylaws, at their discretion.
- h. "Director" means a duly elected member of the Board or a Family Member appointed by the Family as a member of the Board

BYLAWS

Article I: Name and Purpose

Section 1. Name: The name of this organization shall be "ChicoryLane Foundation" (hereinafter referred to as the "Foundation").

Section 2. Purpose: The purposes of the Foundation are to maintain ecologically significant undeveloped land and water and to provide a program of education and aesthetic activities consistent with the ecological and conservation values associated with that land and water.

Article II. Principal office: The principal office of the Foundation shall be located in Centre County, Pennsylvania.

Article III. Fiscal Year. The fiscal year of the Foundation shall be the calendar year.

Article IV: Governance

Section 1. Board of Directors: The Foundation shall be governed by a Board of Directors, which shall have the authority and responsibility to manage and oversee the affairs of the Foundation.

Section 2. Composition of the Board: The Board shall consist of up to nine (9) Directors, including

- a. Up to two (2) Directors appointed by the Family
- b. Up to seven (7) Directors duly elected by the Board
- c. If zero (0) or only one (1) Director(s) is/are appointed by the Family, up to two (2) additional Directors duly elected by the Board to total nine (9) Directors.
- d. Family Directors may be appointed by the Family Council.
- e. Non-Family Directors may be nominated by any member of the board and shall be elected by the affirmative votes of the majority of votes cast by Directors at the meeting at which a quorum is present.
- f. Director terms of service will normally be for three (3) years but may be staggered as determined by the Board so that approximately one-third (1/3) are elected, or appointed in the case of Family Directors, each year.
- g. Any Director may resign at any time for any reason by giving written notice to the Board.
- h. If a Board seat becomes vacant during a term, the Directors may appoint someone to fill the position, upon the affirmative votes of the majority of votes cast by Directors present at the meeting at which a quorum is present.
- i. A Non-Family Director may be removed by a two-thirds (2/3) vote of the Board at any regular or special meeting called for such purpose, on at least ten (10) days notice.
- j. The number of Non-Family Directors may be changed and shall be determined by a motion or resolution duly adopted, from time to time, upon the affirmative votes of the majority of votes cast by Directors present at the meeting at which a quorum is present.
- k. Upon the last to die of the Family Members, provisions within these Bylaws regarding Family Members may be changed by a motion or resolution duly adopted upon the affirmative votes of the majority of votes cast by Directors present at the meeting at which a quorum is present

Section 3. Qualifications of Directors: For nomination or election and service on the Board, each Non-Family Member Director shall:

- a. Be a natural person
- b. Have knowledge or experience in ecology, land and water conservation, historic structure preservation, education, the arts, organizational management, investment and finance, or other relevant fields.
- c. Be eligible to serve as Director for two (2) consecutive terms.
- d. Be ineligible to serve until at least one (1) calendar year has elapsed after serving two (2) consecutive terms.

Section 4. Roles: The members on the Board shall have the following Roles: - Chairperson, Vice Chairperson; Secretary, Treasurer, and Individual. The Board Members serving in these Roles, except for the Role of Individual, shall constitute the Officers of the Foundation

- a. Roles of Non-Family member Directors shall be appointed by nomination and the affirmative votes of the majority of votes cast by Directors at the meeting at which a quorum is present.
- b. Roles of Family Directors may be appointed by the Family Council.
- c. The Board of Directors shall foster and promote the Foundation's purposes at all times

Section 5. Responsibilities of the Board: The Board shall have the following Responsibilities:

- a. Establish Foundation policies
- b. Provide ways and means for collecting funds rightfully belonging to the Foundation
- c. Assure timely payment of all financial obligations of the Foundation
- d. Assure compliance with federal and state financial reporting requirements
- e. Maintain correct and complete financial records of account.
- f. Maintain a written annual report available for public inspection at the end of the fiscal year showing the following minimum information:
 - i. Assets and liabilities of the Foundation
 - ii. Principal changes in assets and liabilities during the fiscal year
 - iii. Revenue, expenses, and disbursements of the Foundation for the fiscal year
 - iv. Statement of the names and contact information for Foundation Directors during the fiscal year.

Section 6. Responsibilities of the Officers:

- a. The Chairperson will organize and lead the regularly scheduled board meetings. If the Chairperson cannot lead a meeting, they will arrange for another member of the Executive Committee to do so, in this order: Vice Chairperson, Secretary, Treasurer.
- b. The Vice-Chairperson acts as the Chairperson when the Chairperson is not available.
- c. The Secretary will keep records of all Board decisions. This includes taking minutes at all Board meetings, announcing meetings, sharing minutes and the agenda with all Board Members, and making sure all official records are kept up to date.
- d. The Treasurer will report on finances at each Board meeting. This includes helping prepare the budget and providing appropriate financial information to both Board Members and the public.

Section 7. Voting Rights: Voting rights on the Board shall be as follows: a. The Family members on the Board shall each have one (1) vote. b. Each Non-Family member on the Board shall have one (1) vote.

Article V: Meetings of the Board of Directors

Section 1. Regular Meetings: The Board shall hold regular meetings two (2) times per year. The date, time, and location of these meetings shall be determined by the Chairperson.

Section 2. Special Meetings: Special meetings may be called by the Chairperson or by written request of four (4) members of the Board including at least one (1) Family Director.

Section 3. Executive Sessions. Upon adoption of a motion to do so, executive sessions of the Directors may be held when the matter is confidential, including without limitation the following:

- a. Removal of a Director
- b. Contract negotiations
- c. Personnel matters
- d. Budget review and preparation

Section 4. Quorum: A quorum for Board meetings shall consist of fifty (50) percent of the total voting members of the Board, including at least one Family Director, providing there is at least one Family Director on the Board.

Section 5. Public Meetings. All regular and special meetings of the Board shall be open to visitors:

- a. Subject to rules of order or codes or conduct adopted by the Board that do not conflict with these Bylaws,
- b. Visitors at a regular or special meeting of Directors shall be provided with a reasonable opportunity to speak.

Section 6. Minutes of Meetings of the Board of Directors. The Foundation's Secretary shall make and maintain minutes (the official record) of the proceedings of regular and special meetings of Directors.

Section 7. Parliamentary Authority at Board Meetings. *Robert's Rules of Order Revised, Fourth Edition: RulesOnline.com*, shall govern Board activity when they are applicable and when they are not inconsistent with these Bylaws or any special rules of order the Foundation may adopt.

Article VI. Committees

Section 1. The Board of Directors may create or dissolve committees as the board deems necessary for the best interests of the Foundation. Committees shall have and exercise the authority of a charge given by the Board, which may be broadened, restricted, or extinguished as the Board deems necessary for the best interests of the Foundation. However, no committee shall have the authority to amend or repeal these Bylaws, elect or remove any officer or director, adopt a plan of merger, or authorize the voluntary dissolution of the Corporation.

Section 2. Executive Committee. Between meetings of the Board of Directors, the day-to-day affairs of the Corporation may be conducted by an Executive Committee. The membership of

the Executive Committee shall consist of the Chairperson, Vice Chairperson, Secretary, and Treasurer.

Section 3. The Finance Committee is responsible for the financial policies, oversight, financial operations, reporting, and compliance of the Foundation. The Committee is appointed by the Board and reports to the Board. It will normally be chaired by the Foundation's Treasurer or another individual with expertise in financial matters appointed by the Board. For a complete statement of the Foundation's financial policies, refer to Addendum B: Finance Committee, attached to these Bylaws.

Article VII: Finances

Section 1. Funding: The Foundation shall be funded by an Endowment created by the Founding Family. Additional financial resources may be raised by the Board through donations, grants, and fundraising activities.

Section 2. Financial Oversight: The Treasurer shall be responsible for overseeing the financial affairs of the Foundation, including budgeting, financial review and reporting, and compliance with federal and state regulations. For a complete statement of the Foundation's financial policies, refer to Addendum B: Finance Committee, attached to these Bylaws.

Article VIII. Conflict of Interest, Self-dealing, and Inurement

Section 1 General Statement of Policy. The Foundation is committed to maintaining the highest standards of integrity and fairness in all its dealings. To ensure these commitments are upheld, the Foundation adheres to strict policies regarding conflicts of interest, self-dealing, and inurement. These policies are designed to prevent any Foundation director, officer, employee, affiliated person, and Disqualified Persons from engaging in actions that could benefit their personal or financial interests at the expense of the Foundation or compromise their ability to make impartial decisions in the best interests of the Foundation.

Section 2 Reference to Addendum. For a complete statement of the Foundation's policies on conflict of interest, self-dealing, and inurement, including definitions, procedures for disclosure, and resolution of conflicts, refer to the Addendum A: Conflict of Interest, Self-Dealing, and Inurement Policy, attached to these Bylaws. This addendum provides detailed guidelines and procedures for identifying, disclosing, and addressing any actual, potential, or perceived conflicts of interest. All Directors, officers, employees of the Foundation, and Disqualified Persons are required to fully comply with the provisions of this policy as part of their association with the Foundation.

Section 3 Compliance and Enforcement. Compliance with the Conflict of Interest, Self-Dealing, and Inurement Policy is mandatory for all Foundation Directors, officers, employees of the Foundation, and Disqualified Persons. Violations of the policy will result in appropriate disciplinary action, up to and including termination of association with the Foundation. The Foundation reserves the right to amend the addendum as

necessary to ensure continued compliance with legal requirements and best practices in governance.

Article IX: Amendments

Section 1. Amendment Procedure: These bylaws may be amended by a two-thirds (2/3) vote of the Board members, including at least one (1) Family Member if the Board includes one or more Family Members at that time, present at a regular or special meeting, provided that notice of the proposed amendment(s) has been given in advance.

Article X: Limits of Liability

Section 1. Indemnification. No Director or Officer of ChicoryLane Foundation will be personally responsible for paying damages, debts, or other obligations for actions taken or not taken in their role at ChicoryLane Foundation. However, this does not apply if a Director or Officer has acted dishonestly or engaged in deliberate wrongdoing.

Section 2 Insurance. The Board of Directors may obtain insurance on behalf of the Directors, officers, and authorized agents of the Foundation against liabilities asserted against, incurred or arising out of their status in the Foundation, regardless of whether the Foundation would have the power to indemnify them against liability under these bylaws or other provision of law.

Article X: Dissolution

Section 1. In the event of the Dissolution of the Foundation, all remaining assets and property shall be distributed in accordance with applicable laws and regulations governing tax-exempt organizations.

Article XI: Miscellaneous

Section 1. Compliance: The Foundation shall operate in compliance with all applicable federal, state, and local laws and regulations.

Section 2. Effective Date: These Bylaws shall become effective upon approval by the Board.

Section 3. Severability: If any provision of these bylaws is found to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

Addendum A:

Policy on Conflict of Interest, Self-Dealing, Inurement

Article I Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (ChicoryLane Foundation) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of

committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. - 2 -
3. Procedures for Addressing the Conflict of Interest
 - a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
4. Violations of the Conflicts of Interest Policy
 - a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Addendum B:

Finance Committee

The Finance Committee of a private operating foundation manages the Foundation's financial health and ensures compliance with legal and regulatory requirements. Its duties, actions, and responsibilities can be broadly categorized into oversight functions, quarterly tasks, and annual IRS requirements, as outlined below:

Oversight Functions

1. **Financial Oversight:** Supervise the Foundation's financial activities to ensure they align with its mission, strategic goals, and budgetary constraints. This includes overseeing investment strategies, managing the endowment, and ensuring adequate liquidity for operational needs.
2. **Risk Management:** Identify and evaluate financial risks and implement strategies to manage these risks effectively.
3. **Compliance:** Ensure the foundation complies with all federal, state, and local laws and regulations related to its financial operations. This includes compliance with IRS regulations specific to private foundations.
4. **Policy Development:** Develop and review financial policies and procedures, including investment policies, spending policies, and conflict of interest and inurement policies, to ensure best practices in financial management and governance.
5. **Audit Oversight:** Coordinate with external auditors for external audits, review audit findings, and ensure any recommendations are implemented.

Quarterly Tasks

1. **Financial Reporting and Analysis:** Review financial statements on a quarterly schedule and for Board meetings, including balance sheets, income and expense statements, and cash flow statements, to monitor the foundation's financial status and ensure it is on track to meet its financial objectives.
2. **Budget Monitoring:** Compare actual revenues and expenses against the budget, investigate variances, and recommend adjustments to the budget or operations as necessary.
3. **Cash Management:** Oversee cash flow planning to ensure the foundation has sufficient funds to cover its operational needs.

Annual IRS Requirements

1. **Form 990-PF Preparation:** Oversee the preparation and submission of Form 990-PF, the annual tax return required for private foundations. This includes ensuring accurate reporting of the foundation's financial activities and adherence to minimum distribution requirements, described below.
2. **Minimum Distribution Requirement Compliance:** Ensure the foundation meets the IRS's minimum distribution requirement (MDR) to avoid excise taxes. This involves

calculating the required amount to be distributed for charitable activities and ensuring these distributions are made timely.

3. **Excise Tax Management:** Manage and report excise taxes on net investment income, as applicable, and take steps to minimize taxes through careful planning and management of the foundation's investments.
4. **Record Keeping and Reporting:** Maintain comprehensive financial records and documentation to support the foundation's IRS filings and facilitate audits. This includes records of investment transactions, and expenses incurred.

The Finance Committee must work closely with the Board, foundation staff and any financial management personnel or services to execute these responsibilities effectively. Meetings as needed, detailed reporting, and clear communication channels between the committee, the Board of directors, and foundation staff are crucial for ensuring the Foundation's financial integrity and compliance with all legal and regulatory requirements.