

ABF BOARD APPROVED POLICIES

Compensation of CEO Policy

The Compensation and Benefits Committee, which consists of the Board President and Vice-President, recommends salary increases to the full Board, based on comparable comparisons of positions in non-profits in Sacramento of ABF's approximate size in terms of funds.

This policy (in form of a charter) was approved by the Board of Trustees on April 16, 2009.

Board Candidate Interview Policy

The ABF Board voted that it is encouraged, not required, that someone other than the nominator meet with prospective Board members in person when possible, otherwise by phone.

This policy was approved by the Board of Trustees on July 16, 2009.

Board Review of Form 990 Policy of the Albert Baker Fund

The Albert Baker Fund procedure for reviewing the annual filing of the IRS Form 990 shall be as follows:

1. The ABF CFO and the outside auditor shall jointly prepare an initial draft of Form 990 at least 60 days prior to the filing deadline for the form.
2. This initial draft shall then be reviewed with the ABF CEO and any changes shall be made as the result of that review process.
3. At least 30 days prior to the filing deadline or 30 days prior to the last ABF regularly scheduled Board meeting that occurs prior to the filing deadline (whichever comes first), the draft that has been reviewed by the CFO and CEO shall be reviewed with the Board Audit Committee.
4. At the last regularly scheduled Board meeting prior to the filing deadline, the latest draft version shall be sent to the Board prior to the meeting with any comments deemed appropriate by the Audit Committee and the full Board shall then either approve the latest draft for filing or approve it subject to conditions.

This policy was adopted by the Board of Trustees on July 16, 2009.

Employee Protection (Whistleblower) Policy of the Albert Baker Fund

If any employee reasonably believes that some policy, practice, or activity of the Albert Baker Fund (ABF) is in violation of law, a written complaint about the situation at issue must be filed by that employee with the Chief Executive Officer (CEO) and the Board President. If the alleged violation involves one of these individuals, then the complaint should be filed only with the other person and with the Chair of the Board Audit Committee or solely with the Chair of the Audit Committee if the activity implicates both the CEO and Board President.

If an employee reasonably believes that some practice or activity of the Albert Baker Fund is in violation of ABF's established policies, then the employee shall bring that situation to the attention of the CEO of ABF. If the situation persists after a reasonable opportunity for remediation or if the CEO denies that the practice or activity is a violation of policy and the employee still believes that it is a violation of ABF established policies, then the employee shall report this matter to the Board President and to the Chair of the ABF Board Audit Committee.

It is the intent of Albert Baker Fund to adhere to all laws and regulations that apply to ABF and one of the underlying purposes of this policy is to support the organization's goal of legal compliance. The support of all employees is necessary to achieving compliance with various laws and regulations. An employee is protected from retaliation so long as the employee follows the procedures described in this policy.

The Albert Baker Fund will not retaliate against an employee who in good faith, has made a protest or raised a complaint under the procedures described above against some practice of the Albert Baker Fund, or of another individual or entity with whom the Albert Baker Fund has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy or contravenes the established policies of ABF.

I understand that I am required to first report any matters covered by this policy to the Albert Baker Fund using the appropriate procedure described above and I will report such matters to public authorities only under the following circumstances: a. if the Albert Baker Fund does not take appropriate corrective action, or b. substantial and irremediable harm is likely to occur if the matter is not reported to public authorities immediately, or c. a failure to report the matter is likely to subject me to criminal or civil penalties. My signature below indicates my receipt and understanding of this policy. I also verify that I have been provided with an opportunity to ask questions about this policy.

Employee Signature

Date

This policy was adopted by the Board of Trustees on July 16, 2009.

Records Retention Policy of the Albert Baker Fund

Business Requirements

Generally, the following items should be maintained and accessible in hard-copy or printable if stored electronically.

Retain Permanently

- Corporate records including Certificates of Incorporation/Corporate Charter, by-laws, stockholder records, board of directors' minutes, deeds, titles, abstracts, retirement and pension records, labor contracts, licenses, patents, and trade marks.
- All general ledgers, financial statements, and general journal entries.
- Tax returns and reports of examinations.
- Income tax payment checks.
- Reports of outside auditors and accountants.
- Documents substantiating fixed asset additions including amounts and dates of additions, details related to retirements, and depreciation policies and salvage values.
- Depreciation schedules.

Retain Seven Years

- Bank statements, canceled checks, and bank reconciliations.
- Sales records, including sales invoices, accounts receivable, bad debts, credit memos, and shipping documents.
- Purchase records including purchase orders, vendor invoices, and receiving reports.
- Payroll records, including payroll journals and canceled payroll checks.
- Travel and entertainment records.
- Subsidiary ledgers, including accounts receivable and accounts payable.
- Stock transfer records.
- Contracts after their expiration.
- Canceled bonds and interest coupons.
- Loan and grant records after final action as to each individual account

Retain Four Years

- Monthly internal financial reports.
- Insurance policies (after their expiration).
- Time cards.
- Duplicate deposit slips.
- Duplicate check copies.

This policy was approved by Board of Trustees on July 16, 2009.

Conflict of Interest Policy of the Albert Baker Fund

Preamble

The following policy through Article VIII is derived from the Sample Conflict of Interest Policy published by the Internal Revenue Service in connection with Form 1023 (the application form for 501(c)3 recognition).

Article I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) 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.

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 by the Audit Committee of the Board. 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.

Article IX

ABF Provision

a. Each member of the Board of Directors and each officer and employee of the Albert Baker Fund (ABF) shall promptly notify the Chairperson of the Board and the Chairperson shall promptly notify the entire Board whenever that person is aware that he or she or a family member or relative of that person by blood or by marriage is going to apply for or already has applied for a loan or grant or for employment with the ABF.

b. Board members and officers of ABF shall not use ABF donor or borrower or grant recipient information for any purpose that is not directly related to ABF purposes and programs without disclosure to and approval by the ABF Board of Directors.

c. All Board members and officers and employees shall disclose any preexisting business or social relationship that they may have with any third party or organization or the principals of any such organization that ABF is considering hiring or with whom ABF is considering some kind of contractual or business relationship as soon as the Board member or officer or employee becomes aware of the fact that such a new relationship is under consideration.

c. All Board members and officers and employees shall annually sign and date a certification that is attached to a copy of this policy that states: "I have read the attached Conflict of Interest Policy for the Albert Baker Fund dated July 15, 2009 [*date updated as amendments occur*] and I represent that I understand it and agree to abide by it and that I am in full compliance with its provisions. If there are any exceptions to this representation, these exceptions are flagged and stated below." Below this statement would be a box followed by "The statement made above is qualified and conditioned as follows: _____." These certification statements shall be delivered to the Audit Committee of the Board of Directors and shall become part of the Audit Committee records.

This policy was adopted by the Board of Trustees on July 16, 2009.

Public Disclosure Policy of the Albert Baker Fund

A. Statement of Intent

The Albert Baker Fund (ABF) intends to promptly disclose all information that it is legally obligated to disclose to the public. Any requests for disclosure that go beyond the legal minimum will be considered on a case by case basis. While recognizing its obligations to the public, ABF also intends to preserve the privacy of its donors and employees in accordance both with legal requirements and as a matter of respect for its donors and employees.

B. Procedure for Responding to a request for information

When ABF receives a request from the public for information about its activities, ABF shall review the request and determine whether it is in writing and is sufficiently specific for ABF to understand what information is being requested and by whom the request is made and where the information is to be sent and whether the information requested falls within the category of a required disclosure or an optional disclosure.

1. **Required Disclosures.** If the requested information is a required disclosure, ABF shall promptly inform the requester of the copying and postage charge for this request and that the requested information will be sent upon receipt of reimbursement for those costs. At the time this policy is adopted, \$1 for the first page and \$0.20 for each additional page shall be the copying charge. ABF shall also promptly inform the requester of any defects in the request (e.g. the request is not in writing or is ambiguous as to what is being requested). Upon receipt of the appropriate amount to reimburse ABF's costs, ABF shall then provide the requested information.

2. **Optional Disclosures.** If the requested information is an optional

disclosure or ABF's CEO is unable to determine whether the requested information is optional or required, then the CEO should discuss the request with the President of the Board and these two individuals shall jointly decide whether to disclose the requested information or whether to obtain legal guidance about responding to the request or whether to bring the request to the full Board for discussion and resolution. If the process of deciding on a response will take longer than approximately 5 business days, ABF shall notify the requester that the request has been taken under submission and that a response will be made after internal discussion. ABF shall also notify the requester of any defects in the request. If ABF ultimately decides to provide the requested information, then the same procedure should be followed that is used with required disclosures. If ABF decides to not provide the requested information, a letter stating that ABF is not willing to release the requested information at this time shall be sent to the requester by ABF's CEO.

C. Required Disclosures Defined

The following documents are required disclosures that will be provided to the public under the procedure described above:

1. The initial IRS Form 1023 application for recognition as a 501(3)(c) organization and any replies to that application from the IRS;
2. Any yearly IRS Form 990 filed with the IRS (including schedules and supporting information) that are requested;
3. Disclosure of the names of the present officers and Board of Directors for ABF.
4. Copies of any routine filing with the State of California concerning the officers, address, agent for service of process of ABF.
5. A copy of the current Articles of Incorporation of ABF as filed with the California Secretary of State.

D. Policy Concerning Confidentiality of Donor Information.

It is the policy of the Albert Baker Fund to maintain the highest level of confidentiality with respect to donor information. Donor names, addresses or fund-related information will not be shared outside ABF unless express written permission is received from the donors involved or unless ABF is under a legal compulsion to do so. Under no circumstances will we sell donor or prospect information to third parties. If an outside organization or individual asks to communicate with our donors, we may offer to send their written communication to our donors.

This policy was adopted by the Board of Trustees on July 16, 2009.

As of 10-15-09
Lucy Harper

Albert Baker Fund Policy Concerning Endowment Gifts

The Albert Baker Fund's policy concerning gifts that are marked as endowment gifts or gifts that require preservation of principal is as follows:

1. ABF will maintain separate books and records that track the income and expenditures for all such endowment funds. Restricted gifts that have the same restrictions may be grouped together for accounting purposes but gifts with distinctly different restrictions shall be tracked and accounted for separately. All unspent donor-restricted endowment assets that are not permanently restricted shall be classified as temporarily restricted until appropriated for expenditure.
2. In any given year ABF shall not spend more than seven percent (7%) of the Current Average Fair Market Value (the CAFMV) of each restricted endowment fund. The CAFMV for each endowment fund shall be calculated by collecting the total fair market value for each asset in that fund at the end of each calendar quarter for the three years before the CAFMV date at issue (or such shorter time as that particular restricted endowment fund has existed at ABF) and then arriving at the arithmetic average of these values.
3. The limitation on spending not more than seven percent of the CAFMV of any endowment-restricted fund described above is the ceiling on spending restricted endowment funds. In addition to this ceiling, ABF shall consider all of the following before deciding how much of an endowment-restricted fund it may prudently spend in any given year: a. the duration and preservation of the particular restricted fund under

consideration; b. the purposes of ABF and the donor restricted endowment fund; c. general economic conditions; d. the possible effect of inflation and deflation in currency; e. the expected total return from income and appreciation or depreciation of the assets in the restricted endowment fund; f. ABF's other resources that are available for spending; g. ABF's investment policies.

4. ABF's investment policy with respect to endowment-restricted funds shall be as follows unless and until changed by vote of the Board of Trustees:

- a. to have as an investment goal the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary;
- b. to maintain a moderate risk profile in the underlying endowment assets that is no more than 2/3s of the assets be invested in equities and that generally favors a widely diversified category of large capitalization stocks;
- c. to spend no more in any given year than is likely to permit ABF to continue at least that same rate of spending (after adjusting for any price level changes in the currency) indefinitely into the future.
- d. to rely upon professional financial advisor recommendations in carrying out these objectives unless such recommendations strike the trustees as clearly inappropriate.

Adopted by vote of the ABF Trustees at special teleconference meeting held on October 14, 2010. Lucy Harper, Chairperson