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Department of the Treasury
Internal Revenue Service**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012 or tax year beginning July 1, **2012, and ending** June 30, 2013

Name of foundation Nibs & Edna Allen Foundation		A Employer identification number 81-0480143	
Number and street (or P.O. box number if mail is not delivered to street address) P O Box 1435		Room/suite	B Telephone number (see instructions) 509-534-3793
City or town, state, and ZIP code Miles City, MT 59301		C If exemption application is pending, check here <input type="checkbox"/>	
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>	
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation			
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 2,394,258		J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	890	890		
	4 Dividends and interest from securities	53,349	53,349		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	28,473			
	b Gross sales price for all assets on line 6a 1,140,816				
	7 Capital gain net income (from Part IV, line 2)		28,473		
	8 Net short-term capital gain			7,905	
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	82,712	82,712	7,905		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)	2,034			2,034
	b Accounting fees (attach schedule)	1,480			1,480
	c Other professional fees (attach schedule)	25,140	20,112		5,028
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	1,349			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	4,152	415		3,737
	22 Printing and publications				
	23 Other expenses (attach schedule)	1,019	102		917
	24 Total operating and administrative expenses. Add lines 13 through 23	35,174	20,629		13,196
	25 Contributions, gifts, grants paid	108,215			108,215
26 Total expenses and disbursements. Add lines 24 and 25	143,389	20,629		121,411	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	(60,677)				
b Net investment income (if negative, enter -0-)		62,083			
c Adjusted net income (if negative, enter -0-)			7,905		

For Paperwork Reduction Act Notice, see instructions.

Cat No. 11289X

Form **990-PF** (2012) **5**

SCANNED NOV 20 2013

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	12,739	24,729	24,729
	2 Savings and temporary cash investments	370,632	403,816	403,817
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	1,600,256	1,570,685	1,836,141
	c Investments—corporate bonds (attach schedule)	204,724	128,444	129,571
	11 Investments—land, buildings, and equipment: basis ▶			
Liabilities	Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	2,188,351	2,127,674	2,394,258
	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	None	None	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances (see instructions)	2,188,351	2,127,674	
	31 Total liabilities and net assets/fund balances (see instructions)	2,188,351	2,127,674	

Part III Analysis of Changes in Net Assets or Fund Balances		
1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	2,188,351
2 Enter amount from Part I, line 27a	2	(60,677)
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	2,127,674
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	2,127,674

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	schedule attached			
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a 1,140,816		1,112,343	28,473	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
a			28,473	
b				
c				
d				
e				
2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	28,473
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8		3	7,905

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2011	107,209	2,284,464	.046930
2010	149,071	2,415,051	.061726
2009	147,346	2,295,231	.064196
2008	43,443	2,158,377	.019664
2007	133,520	2,716,452	.049152
2	Total of line 1, column (d)		2 .241668
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years		3 .0483336
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5		4 2,354,396
5	Multiply line 4 by line 3		5 113,796
6	Enter 1% of net investment income (1% of Part I, line 27b)		6 621
7	Add lines 5 and 6		7 114,417
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.		8 121,411

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	621
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	621
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	621
6	Credits/Payments:		
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	1,214
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	1,214
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	593
11	Enter the amount of line 10 to be: Credited to 2013 estimated tax 593 Refunded	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		<input checked="" type="checkbox"/>
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		<input checked="" type="checkbox"/>
c Did the foundation file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ <u>None</u> (2) On foundation managers. ▶ \$ <u>None</u>		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ <u>None</u>		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		<input checked="" type="checkbox"/>
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes.</i>	<input checked="" type="checkbox"/>	
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		<input checked="" type="checkbox"/>
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		<input checked="" type="checkbox"/>
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	<input checked="" type="checkbox"/>	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	<input checked="" type="checkbox"/>	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ <u>Montana</u>		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	<input checked="" type="checkbox"/>	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		<input checked="" type="checkbox"/>
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		<input checked="" type="checkbox"/>

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		<input checked="" type="checkbox"/>
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		<input checked="" type="checkbox"/>
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	<input checked="" type="checkbox"/>	
Website address ► None				
14	The books are in care of ► Charles Hand	Telephone no ►	509-534-3793	
	Located at ► 1015 E Rockwood Blvd, Spokane WA	ZIP+4 ►	99203-3311	
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year	15		<input type="checkbox"/>
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No <input checked="" type="checkbox"/>

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	<input checked="" type="checkbox"/>
	Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c	<input checked="" type="checkbox"/>
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b	<input checked="" type="checkbox"/>
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2012 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.)	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	<input checked="" type="checkbox"/>
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b	<input checked="" type="checkbox"/>

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to:**(1)** Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No**(2)** Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No**(3)** Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No**(4)** Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No**(5)** Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **5b**Organizations relying on a current notice regarding disaster assistance check here ☐**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** ☒

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No**b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **7b****Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
schedule attached				

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over \$50,000 ☐

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)***3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services		▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 None	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 None	
2	
All other program-related investments See instructions	
3	
Total. Add lines 1 through 3	▶

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	2,037,835
b	Average of monthly cash balances	1b	352,415
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	2,390,250
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	2,390,250
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	35,854
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,354,396
6	Minimum investment return. Enter 5% of line 5	6	117,720

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	117,720
2a	Tax on investment income for 2012 from Part VI, line 5 2a 621		
b	Income tax for 2012. (This does not include the tax from Part VI.) 2b		
c	Add lines 2a and 2b	2c	621
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	117,099
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	117,099
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	117,099

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	121,411
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	121,411
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	621
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	120,790

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				117,099
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008				
c From 2009				
d From 2010	6,169			
e From 2011				
f Total of lines 3a through e	6,169			
4 Qualifying distributions for 2012 from Part XII, line 4: ► \$ 121,411				
a Applied to 2011, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2012 distributable amount				117,099
e Remaining amount distributed out of corpus	4,312			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	10,481			
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see instructions				
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount—see instructions				
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	10,481			
10 Analysis of line 9:				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010	6,169			
d Excess from 2011				
e Excess from 2012	4,312			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year	Prior 3 years				(e) Total
(a) 2012	(b) 2011	(c) 2010	(d) 2009		
85% of line 2a					
Qualifying distributions from Part XII, line 4 for each year listed					
Amounts included in line 2c not used directly for active conduct of exempt activities					
Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed:

Address to the Foundation

b The form in which applications should be submitted and information and materials they should include:

Written application indicating names and address of applicant description/purpose of request, evidence of 501(c)(3) status or equivalent status.

c Any submission deadlines:

Foundation has two grant cycles per year, generally in May and September. Minimum two week review of request.

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors.

Preference is given to Southeast Montana.

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> Schedule attached-none are individuals				
Total			3a	108,215
b <i>Approved for future payment</i> Range Riders, Inc. Miles City, MT		501(c)(3) Charity	General support	9500
Total			3b	9500

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
	(1) Cash	1a(1)	✓
	(2) Other assets	1a(2)	✓
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	✓
	(3) Rental of facilities, equipment, or other assets	1b(3)	✓
	(4) Reimbursement arrangements	1b(4)	✓
	(5) Loans or loan guarantees	1b(5)	✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)	✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	✓
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No


b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee: Charles B. Hand Date: 11/7/13 Title: Treasurer

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Douglas H. Bengel		11/1/13		P00642058
	Firm's name ▶ Rowland, Thomas & Company	Firm's EIN ▶		81-0189780	
	Firm's address ▶ Box 610, Miles City MT 59301	Phone no		406-234-4241	

Nibs & Edna Allen Foundation
June 30, 2013
81-0480143

Part I:	<u>Total</u>	<u>Investment</u>	<u>Charity</u>
Line 16a: Legal (re: tax & compliance)	\$2,034	\$	\$2,034
Line 16b: Accounting- (annual form 990PF)	1,480		1,480
Line 16c: Investment mgmt. & advisory	25,140	20,112	5,028
Line 23: Other expense:			
Postage & office	504	50	454
Sec. of State fees	15	2	13
Prof. membership	500	50	450
Line 18: Taxes:			
Sec. 4940 tax	1,000		
Foreign tax on investments	349		

Part VIII:					<u>Travel & Admin.</u>
<u>Name & Address</u>	<u>Title</u>	<u>Hours/Week</u>	<u>Compensation</u>		<u>Expense (Reimb.)</u>
Marilou Green 2019 15 th St West Billings, MT 59102	Director	1	None		\$ 338
William Hand 11704 Blue Smoke Trail Reston, VA 20191	Board Chmn.	1	None		
Robert Lucas 200 Mississippi Miles City, MT 59301	Director	1	None		254
Edna Mae Jensen 808 S. Stacy Miles City, MT 59301	President	1	None		581
Linda Rutherford 3125 Ave. E. Billings, MT 59102	Director	1	None		
Carolyn Petersohn 806 Wyoming Billings, MT 59101	Director	1	None		
Rose Hand 1413 SW Logos Dr. Lee's Summit, MO 64081	Director	1	None		596
Charles Hand 1015 E Rockwood Blvd Spokane, WA 99203	Treasurer	1	None		1,710
Nancy Larson 5085 W 136 th Ave., Apt. 128 Broomfield, CO 80023	Director	1	None		1,114
George Hand 58 Tanglewood Rd Newman, GA 30263	Secretary	1	<u>None</u>		
			\$ <u>None</u>		\$ <u>4,593</u>

Nibs & Edna Allen Foundation
Schedule of Investments
June 30, 2013
81-0480143

<u>Part II, Lines 10(b) & (c):</u>	<u>Book</u>	<u>FMV</u>
	<u>Value</u>	
Corporate stock:		
4548.141 Putnam Fltg. Rate Fd.	\$ 40,084	\$ 40,433
7045.426 Ridgeworth Seiz Hi-Yld. Fd.	66,020	70,172
1006.711 Drefus Emerging Mkts.	15,000	14,104
1653.088 Pimco Foreign Bd. Fd.	17,754	17,374
9384.621 Western Asset Emerg. Mkt.	49,506	49,363
250 Comcast	8,962	10,438
250 Johnson Controls	6,857	8,948
175 Target	11,139	12,051
175 TJX	7,845	8,760
250 Walt Disney	13,070	15,787
150 CVS/Caremark	7,218	8,577
75 Apache	6,469	6,287
75 Chevron	8,743	8,876
100 Affiliated Managers	12,282	16,394
300 Aflac	14,328	17,436
100 Berkshire Hathaway	8,812	11,192
100 Capital One	5,690	6,281
200 CME Group	11,479	15,190
100 Goldman Sachs	11,404	15,125
250 JP Morgan Chase	10,108	13,197
250 US Bancorp	8,577	9,037
100 Abbott Labs	3,299	3,488
100 Abbvie	3,577	4,134
150 Gilead Sciences	4,959	7,691
100 Thermo Fisher	5,897	8,463
225 United Health	12,510	14,733
200 Boeing	13,968	20,488
200 Union Pacific	23,674	30,856
200 United Parcel	14,352	17,296
200 3M	18,516	21,870
50 Apple	33,595	19,826
900 Cisco	17,325	21,902
500 EMC Corp.	13,620	11,810
25 Google	18,925	22,009
500 Intel	11,370	12,115
400 Microsoft	11,964	13,818
400 Oracle	12,600	12,284
100 Celanese	3,800	4,480
100 Anheuser Busch	8,536	9,026
100 BHP Billiton	6,861	5,766
100 Diageo	11,239	11,495
154 Eaton	7,993	10,135
100 Nestle	6,333	6,578
100 Novartis	6,130	7,071
75 Schlumberger	5,435	5,375
200 Teva Pharm.	8,314	7,840
150 Total S.A.	7,509	7,305
150 Vodaphone	4,282	4,312
743 CEF Ishares S & P Small Cap	48,144	71,960
5160 Russell Ishares	294,745	375,338
615 S & P Midcap Ishares 400 Gr.	51,300	79,230
634 S & P Midcap Ishares 400 Val.	43,545	64,205
550 S & P Midcap Ishares 600 Val.	34,161	51,392
1875 MSCI Eafe Ishares	113,418	107,437
4058.442 Tweedy Browne	100,000	101,218

1619.029 Diamond Hill L/S Fd.	24,933	33,417
767.836 Merger Fd.	12,139	12,193
5885 Powershares Listed Private Eq.	53,789	64,205
3927 Powershares DB Commodity	95,165	98,686
507 SPDR Wilshire Int'l	17,857	20,229
865 Vanguard REIT Viper	43,559	59,443
	<u>\$ 1,570,685</u>	<u>\$ 1,836,141</u>

Corporate Bonds:

250,000 BP Capital Mkts.	\$ 26,147	\$ 25,601
50,000 EI DuPont DeNemour	51,034	52,010
50,000 General Electric	51,263	51,960
	<u>\$ 128,444</u>	<u>\$ 129,571</u>

Nibs and Edna Allen Foundation
Schedule of Gains and Losses
June 30, 2013
81-0480143

	How Acq'd	Purchase Date	Sale Date	Sale Price	Cost	S.T. Gain (Loss)	L.T. Gain (Loss)
50,000 Barclays Bank	P	4-28-10	1-23-13	\$ 50,000	\$ 50,264		
50,000 BB & T Corp.	P	4-28-10	7-27-12	50,000	52,163		(2,163)
25,000 BP Cap. Mkts.	P	9-4-12	10-3-12	26,174	26,146	28	
50,000 Coca Cola	P	9-4-12	10-3-12	51,495	51,567	(72)	
1682.557 Diamond Hill	P	8-31-12	10-1-12	30,858	30,000	858	
498.468 Diamond Hill	P	7-14-10	10-1-12	9,142	7,675		1,467
958 Eaton	P	11-30-12	12-17-12	50	50		
85.529 Gateway	P	5-7-12	10-1-12	5,105	5,000	105	
911-079 Gateway	P	8-31-12	10-1-12	25,063	25,000	63	
1913.206 Gateway	P	2-17-10	10-1-12	52,632	47,983		4,649
2702.703 Hussman	P	2-17-10	9-4-12	30,000	34,676		(4,676)
429.923 Hussman	P	5-7-12	10-1-12	4,686	5,000	(314)	
98.367 Hussman	P	2-17-10	10-1-12	1,072	1,262		(190)
1576.044 Hussman	P	4-22-10	10-1-12	17,179	20,000		(2,821)
2500 Ishares-MSCI	P	5-4-11	10-3-12	132,822	155,099		(22,277)
150 Ishares-Russell	P	2-17-10	9-6-12	10,546	8,589		1,957
2029 Ishares-Russell	P	2-17-10	10-3-12	146,389	116,181		30,208
50 Ishares-S & P Midcap	P	2-17-10	9-6-12	5,508	3,894		1,614
125 Ishares-S & P Midcap	P	8-31-12	10-3-12	10,620	10,449	171	
75 Ishares-S & P Midcap	P	11-14-11	10-3-12	6,372	5,683	689	
121 Ishares-MSCI	P	5-7-12	10-3-12	5,007	4,999	8	
300 Ishares-MSCI	P	8-31-12	10-3-12	12,414	11,784	630	
2412 Ishares-MSCI	P	2-17-10	10-3-12	99,806	95,515		4,291
1250 Ishares-MSCI	P	9-15-10	10-3-12	51,724	53,913		(2,189)
1564.456 Merger Fd.	P	11-14-11	9-4-12	25,000	24,969	31	
315.243 Merger Fd.	P	11-14-12	9-4-12	5,025	5,031	(6)	
688.521 Merger Fd.	P	5-7-12	9-4-12	10,975	10,886	89	
5400.54 Pimco Foreign	P	11-14-11	9-4-12	60,000	58,002	1,998	
1326.26 Pimco Foreign	P	11-14-11	10-1-12	15,000	14,244	756	
125 Powershares	P	5-7-12	9-6-12	3,594	3,384	210	
2400 Powershares	P	9-15-10	10-3-12	22,584	22,536		48
1129.944 Putnam Fltg.	P	5-7-12	9-4-12	9,966	10,000	(34)	
50.736 Putnam Fltg.	P	11-14-11	9-4-12	5,034	4,908	126	
1024.59 Ridgeworth	P	5-7-12	9-4-12	10,092	10,000	92	
1513.481 Ridgeworth	P	11-14-11	9-4-12	14,908	14,242	666	
503.525 Ridgeworth	P	11-14-11	10-1-12	5,000	4,738	262	
100 SPDR Wilshire Int'l	P	4-27-10	9-6-12	3,846	3,522		324
508 SPDR Wilshire Int'l	P	4-27-10	10-3-12	19,940	17,892		2,048
275 Vanguard Reit	P	8-31-12	10-3-12	17,894	18,351	(457)	
275 Vanguard Reit	P	4-27-10	10-3-12	17,894	14,245		3,649
375 Vanguard Reit	P	9-15-10	10-3-12	24,400	19,507		4,893
888.099 Western Asset	P	5-7-1-2	9-4-12	5,133	5,000	133	
3437.161 Western Asset	P	11-14-11	9-4-12	19,867	18,664	1,203	
1718.213 Western Asset	P	11-14-11	10-1-12	10,000	9,330	670	
				<u>\$ 1,140,816</u>	<u>\$ 1,112,343</u>	<u>\$ 7,905</u>	<u>\$ 20,568</u>

Nibs and Edna Allen Foundation
Grants and Contributions
81-0480143
June 30, 2013

<u>Name & address</u>	<u>Recipient</u>	<u>Purpose</u>	<u>Amount</u>
Keep Miles City Beautiful	501(c) (3)	General	
Miles City, MT	Charity	Support	\$ 1,015
Garfield Elementary School	Gov't Entity	Classroom	
Miles City, MT		Supplies	1,000
Custer County Art & Heritage Center	501(c) (3)	General	
Miles City, MT	Charity	Support	7,000
Range Riders Inc.	501 (c) (3)	General	
Miles City, MT	Charity	Support	10,000
Lincoln Elementary School,	Gov't Entity	Classroom	
Miles City, MT		Support	2,000
Custer County Dist. HS	Gov't Entity	Science	
Miles City, MT		Competition	2,000
Miles City Bluegrass Festival, Inc.	501(c) (3)	General	
Miles City, MT	Charity	Support	1,500
Ismay Rural Fire District	Gov't Entity	Safety	
Ismay, MT		Equipment	11,000
Miles City Bluegrass Festival, Inc.	501 (c) (3)	General	
Miles City, MT	Charity	Support	1,500
Kircher School Dist. #3,	Gov't Entity	Computer	
Miles City, MT		Lab Update	5,000
Miles Community College Endowment	501 (c) (3)	Basketball	
Miles City, MT	Charity	Tourney	1,000
Miles Community College Endowment	501 (c) (3)	Rodeo	
Miles City, MT	Charity	Scholarship-	
		Selected by grantee	2,400
Miles Community College Endowment	501 (c) (3)	Basketball	
Miles City, MT	Charity	Program	8,400
Custer County Art & Heritage Center	501(c) (3)	General	
Miles City, MT	Charity	Support	7,000
Miles City Youth Hockey Assn., Inc.	501(c) (3)	General	
Miles City, MT	Charity	Support	15,000
Miles City Unified School Dist.	Gov't Entity	Resource	
Miles City, MT		Officer	5,000
Garfield Elementary School,	Gov't Entity	Instructional	
Miles City, MT		Supplies	1,000
Wake Up and Lace Up, Inc.,	501(c) (3)	General	
Miles City, MT	Charity	Support	5,000
Lincoln Elementary School,	Gov't Entity	Instructional	
Miles City, MT		Supplies	2,000
First Presbyterian Church,	501(c) (3)	General	
Miles City, MT	Religious Entity	Support	2,500
Miles City Unified School Dist.,	Gov't Entity	Instructional	
Miles City, MT		Supplies	500
Miles City Convent Keepers,	501(c) (3)	General	
Miles City, MT	Charity	Support	1,600
Custer County Educ. Found., Inc.	501(c) (3)	Scholarships	
Miles City, MT	Charity	selected by	
		Grantee	11,000
Developmental Educ. Assist. Program	501(c) (3)	General	
of Southeastern	Charity	Support	3,800
Miles City, MT			
			\$ <u>108,215</u>

NIBS & EDNA ALLEN FOUNDATION

**CONFLICT OF INTEREST POLICY
AND ANNUAL ACKNOWLEDGMENT AND DISCLOSURE
STATEMENT**

Article I – Purpose

- 1 The purpose of this foundation conflict of interest policy is to protect the interests of the Nibs & Edna Allen Foundation (the “Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an Organization director (“Director”) or officer (“Officer”) or might result in a possible self-dealing transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to the Organization.

Article II – Definitions

1. **Covered Person** - Any Director, Officer or member of a committee to which the Organization’s board of directors (“Board of Directors”) has delegated powers is a “Covered Person.”
2. **Interested person** -- A Covered Person who has a “Financial Interest,” as defined below, is an Interested Person.
- 3 **Financial interest** -- A Covered Person has a Financial Interest if the Covered Person, directly or indirectly, through a business, investment or family relationship, has:
 - a An ownership or investment interest in any entity with which the Organization has entered into a transaction or arrangement,
 - b A compensation arrangement with the Organization or with any person with which the Organization has entered into a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any person 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. A person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists, in accordance with this policy.

Article III -- Procedures

1. Duty to Disclose -- To determine whether a conflict of interest exists, an Interested Person must disclose the existence of a Financial Interest to the Board of Directors, or to such committee as may be designated by the Board of Directors to consider potential conflicts of interest.

2 Recusal of Self – Any Director may recuse himself or herself at any time from involvement in any decision or discussion in which the Director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

3. Determining Whether a Conflict of Interest Exists -- Upon the disclosure of the existence of a Financial Interest, the Board of Directors or committee shall meet and discuss the matter with the Interested Person, who shall disclose all material facts related to the Financial Interest. Thereafter, the Board of Directors or committee shall consider the matter outside the presence of the Interested Person and shall determine whether a Conflict of Interest exists.

4. Procedures for Addressing the Conflict of Interest - If the Board of Directors or committee determines that a conflict of interest exists, then:

- 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 Board of Directors or committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the transaction or arrangement.
- c. After exercising due diligence, the Board of Directors or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement that would not give rise to a conflict of interest.
- d. If the Board of Directors determines, by a majority vote of its members (any Interested Person shall be recused from voting), that a more advantageous transaction or arrangement not presenting a conflict of interest is not reasonably possible under the circumstances and that the transaction or arrangement is in the Organization's best interests and is fair and reasonable, then, by the same vote, the Board of Directors or committee may determine that the Organization, notwithstanding the presence of a conflict of interest, should continue, or enter into, the transaction or arrangement.
- e. The Internal Revenue Code imposes a penalty on self-dealing between the Foundation and disqualified persons (see Appendix A). The Foundation will not engage in such self-dealing.

5. Violations of the Conflicts of Interest Policy

- a. If the Board of Directors or committee has reasonable cause to believe a Covered Person has failed to disclose a Financial Interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the failure to disclose.
- b. If, after hearing the response of the Covered Person and, after making such further investigation as it concludes is warranted by the circumstances, the Board of Directors or committee determines the Covered Person has failed to disclose a Financial Interest, it shall take appropriate disciplinary and corrective action

Article IV – Records of Proceedings

The minutes of the meetings of the Board of Directors or committee considering conflicts of interest shall contain:

- 1 The name of each Covered Person who disclosed or otherwise was found to be an Interested Person, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the decision as to whether a conflict of interest in fact existed.
2. The names of the individuals who were present at discussions and votes relating to the transaction or arrangement, the content of the discussion, including consideration of any alternatives to the transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V – Annual Statements

1. Each year, each Covered Person shall sign a statement (see Appendix B) affirming that such Covered Person:
 - a Has received a copy of this conflict of interest policy,
 - b. Has read and understands the policy,
 - c. Has agreed to comply with the policy, and
 - d. Understands that the Organization is a charitable and educational organization and that, in order to maintain its federal tax exemption, the Organization must engage primarily in activities that accomplish one or both of its tax-exempt purposes.
2. If at any time during the year, the information in the annual statement changes materially, a director shall disclose such changes and revise the annual disclosure form.

3. The Board of Directors shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VI – Periodic Reviews

To ensure the Organization operates in a manner consistent with its charitable and educational purposes, and does not engage in activities that could jeopardize its tax-exempt status, the Board of Directors or a committee appointed by the Board of Directors shall conduct an annual review that shall include, at a minimum, findings on the following subjects:

1. Whether the Organization's compensation arrangements and benefits are the result of arm's length bargaining and, based on competent survey information, are reasonable.
2. Whether partnerships, joint venture, and arrangements with management organizations in which the Organization participates conform to the Organization's written policies, are properly recorded, reflect reasonable investment criteria or payments for goods and services, further the Organization's exempt purposes and do not result in private inurement, impermissible private benefit or an excess benefit transaction under the Code.

Article VII – Use of Outside Experts

When conducting the annual reviews under Article VII, the Board of Directors or committee may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of Directors of its responsibility for ensuring that annual reviews are conducted properly.

Appendix A

Private Foundation Self-Dealing Rules

As a private foundation, the Nibs & Edna Allen Foundation is subject to the self-dealing rules established by section 4941 of the Internal Revenue Code. These rules tightly regulate all transactions between the Foundation and its directors, officers, and other "disqualified persons." The conceptual starting point of the self-dealing rules is that a private foundation should not engage in economic transactions with disqualified persons even if those transactions result in the net transfer of value to the foundation. The rules establish an important, but limited, exception under which a foundation may pay reasonable compensation to a disqualified person and reimburse reasonable expenses for personal services that are reasonable and necessary to advance the exempt purposes of the foundation.

Sanctions. The sanctions for violating the self-dealing rules fall primarily on the disqualified person(s) involved in a self-dealing transaction, who must both pay a penalty tax and "correct" the violation. Correction generally requires both undoing the transaction to the extent possible and also placing the foundation in a financial position "not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards."

Directors and officers who knowingly, willfully, and without reasonable cause approve a self-dealing transaction are also subject to financial penalty and a correction obligation.

Definition of Disqualified Persons. For purposes of the self-dealing rules, disqualified persons include:

- a. A foundation's directors and officers as well as other "foundation managers" who have decision authority over a specific transaction;
- b. Substantial contributors to the foundation;
- c. Family members of the foregoing (i.e., spouses, ancestors, lineal descendants through great-grandchildren, and spouses of such descendants); and
- d. Any entity (other than another section 501(c)(3) organization) in which disqualified persons own a 35 percent or greater ownership interest.

Transactions Prohibited Under the Self-Dealing Rules.

- a. Selling, exchanging, or leasing of property between a private foundation and a disqualified person is an act of self-dealing, even if the foundation pays demonstrably less than the fair market value of the property it receives. A contribution of property subject to a mortgage is treated as a sale or exchange, and hence, constitutes self-dealing.
- b. Lending of money or other extension of credit by a foundation to a disqualified person is an act of self-dealing. In addition, a disqualified person may not lend to a foundation unless the loan is interest free and the proceeds are used exclusively for charitable purposes. Where a disqualified person has made an

interest-free loan to a foundation, the foundation may not repay the loan with property other than cash.

- c. Furnishing of goods, services, or facilities by a disqualified person to a private foundation is an act of self-dealing unless these items are offered free of charge. Conversely, a foundation may provide goods, services, or facilities to a disqualified person only if the disqualified person is treated no differently from other members of the public to whom the foundation also makes these items available.

Appendix B

NIBS & EDNA ALLEN FOUNDATION

**CONFLICT OF INTEREST POLICY
ACKNOWLEDGMENT AND DISCLOSURE STATEMENT**

I hereby certify that I have received, read, understand and agree to comply with the Nibs & Edna Allen Foundation's Conflict of Interest Policy. I further confirm that I understand that the Nibs & Edna Allen Foundation is a tax-exempt organization and that in order to maintain its federal tax exemption and the trust of the public it must diligently monitor and manage conflicts of interest or the appearance of any conflict in accordance with its Conflict of Interest Policy and engage primarily in activities that accomplish one or more of its tax-exempt purposes.

To the best of my knowledge and belief, I have not, since the date of the last Acknowledgment and Disclosure Statement filed by me, engaged in any activity, directly or indirectly, through business, investment or family, which would violate the Nibs & Edna Allen Foundation's Conflict of Interest Policy or might otherwise create a Conflict of Interest with the Nibs & Edna Allen Foundation, except as explained below. If at any time following the submission of this Statement I become aware of any actual or potential Conflict of Interest, or if the information provided herein becomes inaccurate or incomplete, I will promptly notify the Nibs & Edna Allen Foundation.

Please disclose and explain any actual or potential Conflict of Interest:

Signature

Date

Print Name