

**VETERANS FOUNDATION OF INDIANA, INC.**  
**CODE OF BYLAWS**

The following Code of Bylaws was adopted by the Board of Directors of Veterans Foundation of Indiana, Inc. ("Corporation") at a duly constituted meeting this 31<sup>st</sup> day of

May, 20 18.

By: Mackenzie McHugh (Secretary)

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**ARTICLE 1 – NAME**

**SECTION 1. NAME**

- (a) The Corporation shall be known as Veterans Foundation of Indiana, Inc.

**ARTICLE 2 – PURPOSE**

**SECTION 1. PURPOSE**

The purposes for which the Corporation is formed are fraternal, patriotic, historical, charitable, and educational as follows:

- (a) To preserve and strengthen comradeship among its members.
- (b) To assist worthy comrades.
- (c) To perpetuate the memory and history of our dead and to assist their widows and orphans.
- (d) To maintain true allegiance to the Government of the United States of America, and fidelity to its Constitution and laws.
- (e) To foster true patriotism.
- (f) To maintain and extend the institutions of American freedom and to preserve and defend the United States from all her enemies.

**SECTION 2. NONPROFIT LIMITATIONS**

- (a) The Corporation is organized and operates exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.
- (b) Notwithstanding any other provision of these Articles, the Corporation shall not carry out any other activities not permitted by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.
- (c) No substantial part of the Corporation's activities shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

- (d) The property of this corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of the Corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. On the dissolution of the Corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of the Corporation, shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(19) of the Internal Revenue Code.

### ARTICLE 3 – OFFICES

#### SECTION 1. PRINCIPAL, REGISTERED OFFICE

- (a) The principal registered office of the Corporation for the transaction of its business is 9555 E. 59th Street, Indianapolis, Indiana 46216, Marion County.
- (b) This office shall be the office registered with the Indiana Secretary of State, and any change in office location must also be registered with the Indiana Secretary of State.

#### SECTION 2. CHANGE OF ADDRESS

- (a) The Corporation may have such corporate offices, anywhere within or without the state of Indiana, as the Board of Directors may from time to time appoint or the business of the Corporation may require.
- (b) The county of the Corporation's principal office can be changed only by amendment to these Bylaws.
- (c) The Board of Directors, by majority vote, may change the location of the principal office within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these Bylaws.

1. <u>9555 E. 59th Street, Indianapolis, Indiana 46216</u>	Date: <u>1 May 2018</u>
2. _____	Date: _____
3. _____	Date: _____
4. _____	Date: _____
5. _____	Date: _____
6. _____	Date: _____

### ARTICLE 4 – BOARD OF DIRECTORS

#### SECTION 1. POWERS

- (a) Subject to the provisions of Indiana statute governing nonprofit corporations, the governance of the Corporation shall be the ultimate responsibility of the Board of Directors.

#### SECTION 2. NUMBER

- (a) The Corporation shall consist of three to seven (5-11) who collectively shall be known as the Board of Directors (hereinafter sometimes referred to as the "Board").
- (b) The membership of the Board of Directors (hereinafter sometimes referred to as "Directors") shall always include, as members of the Board, the Commander, Senior Vice Commander, Junior Vice Commander, and Surgeon, of the Department of Indiana, Veterans of Foreign Wars, in office during the current year.
- (c) The membership of the Board of Directors may include up to three individuals from outside the Corporation.
- (d) The number of directors required to compose the Board of Directors shall be changed only by amendment to these Bylaws.

#### SECTION 2.a. BOARD OF ADVISORS

- (a) Separate from the Board of Directors, the organization may select a Board of Advisors whose purpose is to advise the organization on how to best fulfill its purpose and program goals.

#### SECTION 3. DUTIES

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation, and by Section 9 of Article 4.

#### SECTION 4. NOMINATION AND ELECTION PROCESS

- (a) At an annual meeting of the membership of the Veterans of Foreign Wars, Department of Indiana, the membership shall elect a Surgeon for the Department, who shall upon his installation to office, begin his/her four-year (4) term as a member of this Board and shall replace the outgoing Commander.
- (b) Recommendations for director nominees may be submitted by any director at any time to the Board.
- (c) Nominated directors may be elected by a majority vote of the directors present at the annual meeting or any legally-constituted meeting.
- (d) Cumulative voting by directors for the election of nominated directors shall not be permitted.
- (e) Nominated directors receiving the highest number of votes (up to the number of directors to be elected) shall be elected.
- (f) Election of officers and directors shall be by voice vote. A majority vote of the directors in attendance at a meeting of the Board wherein officers or directors are elected (not the full Board) is required for election.

#### SECTION 5. TERMS OF OFFICE

- (a) Each VFW-affiliated director shall hold office for a four-year (4) term beginning with his/her first year as the Surgeon of the Department of Indiana, Veterans of Foreign Wars

and ending when having completed his/her four years as a line officer in the Department of Indiana, Veterans of Foreign Wars, or until his/her earlier resignation or removal.

- (b) Non VFW-affiliated directors shall be elected to a term of office beginning on the date of their election, which term shall last for a term of four (4) years and until the next annual meeting for election of the Board of Directors. Each director shall hold office for a term of four (4) years or until a successor shall have been elected and qualified.
- (c) At the end of the term, a director may be considered for an additional two-year (2) term. No director shall serve more than two consecutive two-year terms.
- (d) A director who has served a four-year (4) term and two consecutive two-year (2) terms may reapply for election to the Board after one (1) full year of non-service as a director.
- (e) The Board, upon a majority vote, may vote to stagger the terms of directors.
- (f) A director's term may be renewed by a majority vote of the directors present and voting at a legally-constituted meeting.

#### SECTION 6. REMOVAL AND EXPULSION

- (a) The following reasons (in addition to the "mandatory expulsion" provisions below) shall be grounds for removal of a Director:
  - 1. Interfering without Board authority with the staff's implementation of approved policies and program operating procedures.
  - 2. Representing, making commitments, or conducting of business on behalf of the Corporation without specific prior approval of the Board.
  - 3. Acting in any manner inconsistent with these Bylaws.
  - 4. Violation the Corporation's Conflicts of Interest Policy.
  - 5. For conduct detrimental to the interest of the Corporation.
  - 6. For lack of sympathy with its objectives.
  - 7. For refusal to render reasonable assistance in carrying out its purposes.
- (b) The following shall result in mandatory expulsion:
  - 1. Missing two (2) consecutive regular annual meetings without obtaining a leave of absence in accordance with these Bylaws.
  - 2. Missing three (3) special meetings from January 1 through December 31 in any given year without obtaining leave of absence in accordance with these Bylaws.
- (c) A two-thirds (2/3) affirmative vote of the directors present at any legally constituted meeting shall be necessary for removal pursuant to Sections 6(a)(1)-(7), or as specified in the By-Laws of the Veterans of Foreign Wars. In all cases, the Notice of Meeting must state the meeting will include a vote on the expulsion of a Director.
- (d) Any director proposed to be removed shall be entitled to at least ten (10) day written notice by mail of the meeting at which such removal is to be voted upon and shall be entitled to appear before and be heard at such meeting.
- (e) If a director is expelled, the Chairperson shall provide written notice of the expulsion to the expelled Director.
- (f) Expulsion under this Section automatically includes removal as an Officer of the Corporation.



- (g) No third-party may require the removal of any current director not appointed by that third-party.

#### SECTION 7. LEAVE OF ABSENCE AND RESIGNATION

- (a) Any director may solicit in writing a leave of absence not to exceed a period of six (6) months.
- (b) Requested leave may be granted by a majority vote of the directors present at a legally-constituted Board meeting.
- (c) Any director may resign from the Board at any time by submitting such resignation in writing to the Chairperson.

#### SECTION 8. VACANCIES

- (a) Any vacancy among the Directors caused by death, resignation, removal, increase in the number of directors, or otherwise may be filled by a majority vote of the directors of the Board present at any regular or special Board meeting.
- (b) The person chosen to fill such vacancy shall serve for the unexpired term of his or her predecessor and until his or her successor is elected and qualified.
- (c) Except in the case of an increase in the number of directors, the term of office of a director chosen to fill a vacancy shall expire at the later of the expiration of the unexpired term which the director was chosen to fill, at such time as a successor shall be duly elected and qualified, or as otherwise may be established by the Board.

#### SECTION 9. INDIVIDUAL DIRECTOR RESPONSIBILITIES

- (a) Subject to and within the limitation of the laws of Indiana, the Corporation's Articles of Incorporation, as amended from time to time, and these Bylaws, the Board:
  - 1. Shall supervise, control and direct the handling of the affairs, assets and property of the Corporation.
  - 2. Shall determine, fix, and carry out the purposes of the Corporation.
  - 3. Shall have absolute discretion in the disbursements of the funds and in the sale, transfer, leasing, use, and management of the assets and property of the Corporation.
  - 4. Shall have the power to adopt, and from time to time to change, such rules and regulations for the use of the property and the conduct of the affairs and activities of the Corporation.
  - 5. Shall appoint, as it deems necessary, persons to act as advisors in determining the policies and formulating programs for carrying out the Corporation's purposes.
  - 6. Shall have the power to employ such persons as it deems necessary, who shall serve at the pleasure of the Board, including the ability to pay reasonable compensation for services performed and reasonable reimbursement of expenses incurred.
  - 7. Shall have the power to pay reasonable compensation for services and reimbursement of reasonable expenses of all officers, attorneys, agents,

consultants and assistants, whether or not such officers, attorneys, agents, consultants, or assistants are also directors of the Corporation.

8. Shall have the power to delegate to officers, agents, and committees of the Corporation the powers to transact the business and carry out the functions of the Corporation.
  9. May employ an Executive Director for the Corporation who shall serve at the pleasure of the Board.
  10. Shall provide a budget, prepared by an appointed Committee, for the necessary staff to operate and maintain the property of the Corporation.
  11. Shall have, with the approval of the majority of the Board in attendance at any meeting of the Board called for purposes of considering such amendment, the power to amend the Articles of Incorporation and/or Bylaws from time to time.
  12. may exercise all such powers of the Corporation and do all such acts and things as are not prohibited by law, the Articles of Incorporation, or these By-Laws.
  13. Shall have the power, with the approval of the majority of the Board in attendance at any meeting of the Board called for purposes of considering such acts, execute bonds, mortgages and other contract requiring a seal, under the seal of the Corporation.
  14. Shall require a quarterly audit of the book and records of the Corporation, such audit to be conducted by the Finance Committee, Department of Indiana, Veterans of Foreign Wars.
- (b) Each director has the following responsibilities:
1. To accept assignments and other tasks with a cooperative spirit and to do the best job possible.
  2. To propose changes to correct Board organizational problems.
  3. To familiarize oneself with program activities.
  4. To vote in all matters in the best interest of the Corporation.
- (c) No individual director shall act for the Board except as specifically authorized by the Board.
- (d) Directors shall refrain from giving personal advice or directives to any staff member of the Corporation without prior consent or direction from the Board.

#### SECTION 10. COMPENSATION

- (a) Directors shall serve without compensation except that they shall be allowed and paid their actual and necessary expenses occurred in attending meetings of the Board.
- (b) The Board shall have power in its discretion to contract for and pay to directors rendering unusual or special services to the Corporation, special compensation appropriate to the value of such services.
- (c) This Section shall not apply to directors described in the provisions of Article 6, Section 10(a) of these Bylaws, which state, in part, that no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation.

- (d) In addition, directors shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in the Bylaws.
- (e) Directors may not be compensated for rendering services to the Corporation in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of the Bylaws.

## **ARTICLE 5 – MEMBERS**

### **SECTION 1. MEMBERS**

- (a) This corporation shall have zero (0) members. Any action which would otherwise require approval by a majority of all members shall require only approval by the Board. All rights which would otherwise vest in the Members shall vest in the Directors.

## **ARTICLE 6 – OFFICERS**

### **SECTION 1. NUMBER OF OFFICERS**

- (a) The officers of this Corporation shall be a Chairperson/President, at least one (1) Vice Chairperson/Vice President, a Secretary and a Chief Financial Officer/Treasurer, chosen from the membership of the Department of Indiana, Veterans of Foreign Wars and/or its auxiliaries.
- (b) The Treasurer shall be the elected Quartermaster of the Department of Indiana, Veterans of Foreign Wars. The Treasurer does not need to be a Board member.
- (c) All officers of the Corporation, including Chairpersons or other officers of the Board, shall be elected by the Board at the regular annual meeting of the Board or at such other meeting of the Board whereby election is included as an agenda item.
- (d) The Board may also elect one or more Vice Chairpersons, Assistant Secretaries, Assistant Treasurers, and such additional officers of the Corporation and/or Board as the members deem desirable. Such officers shall hold office until the annual meeting of the Board next following the election of such officers, and until their successors are elected and qualified.
- (e) Any one or more of such offices may be held by the same person. Persons so elected shall constitute the Executive Committee of this Corporation and the number of such elected officers shall be limited to five (5) in addition to the four (4) permanent officers above stated. The corporation may also have, as determined by the Board of the Directors, a Chairperson of the Board, one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers, or other officers.

### **SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE**

- (a) Any person may serve as an officer of this corporation.
- (b) Officers shall be elected by the Board of Directors at any time.
- (c) Each officer shall hold office until he or she resigns, is removed, is otherwise disqualified to serve, or until his or her successor shall be elected and qualified (whichever occurs first).

### SECTION 3. DUTIES OF THE CHAIRPERSON/PRESIDENT

- (a) The Chairperson/President elected by the Board shall be chosen from the membership of the Veterans of Foreign Wars, Department of Indiana.
- (b) The President shall be the chief executive officer of the Corporation.
- (c) The President shall, subject to the control of the Board of Directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, the Articles of Incorporation, or these Bylaws, or which may be prescribed from time to time by the Board. The President shall carry into effect all orders and resolutions of the Board, and shall have such general executive powers and duties of supervision and direction as are usually vested in the office of chairperson of a charitable foundation.
- (d) Unless another person is specifically appointed as Chairperson of the Board, the President shall preside at all meetings of the Executive Committee and the Board.
- (e) Except as otherwise expressly provided by law, Articles of Incorporation, or these Bylaws, the President shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board.

### SECTION 4. DUTIES OF VICE PRESIDENT/VICE CHAIRPERSON

- (a) In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform all the duties of the President (in the order of that person's rank as determined by the order of appointment or as determined from time to time by the Board).
- (b) When the Vice President is acting as President as prescribed in subsection (a), he or she shall have all the powers of and be subject to all the restrictions on the President.
- (c) The Vice President shall have other powers and perform such other duties as may be prescribed by law, the Articles of Incorporation, these Bylaws, or as may be prescribed by the Board of Directors.

### SECTION 5. DUTIES OF SECRETARY

- (a) The Secretary shall certify and keep, at the principal office of the corporation, the original or a copy of these Bylaws as amended or otherwise altered to date.
- (b) The Secretary shall keep at the principal office of the corporation or at such other place as the Board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.
- (c) The Secretary shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.



- (d) The Secretary shall be custodian of the records and the seal of the corporation and see that the seal is affixed to all duly executed documents (the execution of which, on behalf of the corporation under its seal, is authorized by law or these Bylaws).
- (e) The Secretary shall exhibit, at all reasonable times, to any director of the corporation, or to his or her agent or attorney, on request therefore, the Bylaws and the minutes of the proceedings of the directors of the corporation.
- (f) The Secretary shall, in general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

#### SECTION 6. DUTIES OF TREASURER

- (a) Subject to the provision of these Bylaws relating to the "Execution of Instruments, Deposits and Funds," the Treasurer shall:
  - 1. Have charge and custody of, and be responsible for, all funds and securities of the corporation.
  - 2. Deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors.
  - 3. Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.
  - 4. Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements.
  - 5. Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.
  - 6. Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request therefore.
  - 7. Render to the President and Directors, whenever requested, an account of any or all of his or her transactions as Treasurer and of the financial condition of the corporation.
  - 8. Prepare (or cause to be prepared) and certify (or cause to be certified) the financial statements to be included in any required reports.
  - 9. In general, perform all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

#### SECTION 7. SUBORDINATE OFFICERS

- (a) The Board of Directors may appoint such other officers or agents as it may deem desirable.

- (b) Appointed officers and agents shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the Board of Directors.

#### SECTION 8. REMOVAL AND RESIGNATION

- (a) Any officer may be removed, either with or without cause, by the Board of Directors at any time.
- (b) Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the corporation.
- (c) Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### SECTION 9. VACANCIES

- (a) Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board of Directors.
- (b) In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall the vacancy.
- (c) Vacancies occurring in officers appointed at the discretion of the Board may or may not be filled as the Board shall determine.

#### SECTION 10. COMPENSATION

- (a) Notwithstanding directors who also serve as officers, directors shall serve without compensation.
- (b) The salaries of the officers, if any, shall be fixed from time to time by resolution of the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation.
- (c) In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered to the corporation which relate to the performance of the charitable or public purposes of this corporation.

### **ARTICLE 7 – COMMITTEES**

#### SECTION 1. EXECUTIVE COMMITTEE

- (a) The Board may, by a majority vote of directors, designate two (2) or more of its directors (who may also be serving as officers of this corporation) to constitute an Executive Committee and delegate to such Committee any of the powers and authority of the Board in the management of the business and affairs of the corporation, except with respect to:
  - 1. The filling of vacancies on the Board or any committee which has the authority of the Board.
  - 2. The fixing of compensation of the directors for serving on the Board or on any committee.
  - 3. The amendment or repeal of Bylaws or the adoption of new Bylaws.

4. The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable.
  5. The appointment of committees of the Board or the members thereof.
  6. The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.
  7. The approval of any transaction to which this corporation is a party, and in which one or more of the directors has a material financial interest, except as expressly provided in Indiana Nonprofit Corporation Law.
- (b) By a majority vote of its members then in office, the Board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the Board.
  - (c) A majority of the members of the Executive Committee shall constitute a quorum.
  - (d) Any action that is required to or may be taken at a meeting of the Executive Committee may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all of the members of the Executive Committee.
  - (e) The Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.
  - (f) All action by the Executive Committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to control, revision, and alteration by the Board, provided that no rights of third persons shall thereby be prejudiced, limited or adversely affected in any manner whatsoever.
  - (g) Vacancies in the Executive Committee shall be filled for the unexpired term by the Board and the Board may appoint one or more Directors as alternate members of the Executive Committee who may take the place of any absent member or members at any meeting.

## SECTION 2. OTHER COMMITTEES

- (a) The Corporation shall have such other committees as may from time to time be designated by resolution of the Board of Directors.
- (b) Such other committees may consist of persons who are not also members of the Board.
- (c) These additional committees shall act in an advisory capacity only.
- (d) The Board may provide for such other standing or special committees, as it deems desirable and dissolve the same at its pleasure.
- (e) Each such committee shall consist of one or more officers elected by the Board, and shall have such powers and perform such duties or functions, not inconsistent with law, as may be delegated to it by the Board.
- (f) Vacancies in such committees shall be filled by the Board.
- (g) Any action that is required to or may be taken at a meeting of any such committee may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all of the members of such committee.

## SECTION 3. MEETINGS AND ACTION OF COMMITTEES

- (a) Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The time for special meetings of committees may also be fixed by the Board or by the committee. The Board may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

## **ARTICLE 8 – MEETINGS**

### **SECTION 1. PLACE OF MEETINGS**

- (a) Meetings shall be held at the principal office of the corporation unless otherwise provided by the Board or at such place within or without the State of Indiana which has been designated from time to time by resolution of the Board of Directors.
- (b) In the absence of the designation in subsection (a), any meeting not held at the principal office of the corporation shall be valid only if held on the written consent of all directors given either before or after the meeting and filed with the Secretary of the corporation or after all Board members have been given written notice of the meeting as hereinafter provided for special meetings of the Board.
- (c) Any meeting—regular or special—may be held by conference telephone or similar communication so as long as all directors participating in such meeting can hear one another.

### **SECTION 2. REGULAR AND ANNUAL MEETINGS**

- (a) An annual meeting of the Board for the transaction of such business as may properly come before the meeting shall be held at the state convention each year, or at such date and time as the Board may from time to time determine, for the purpose of, but not limited to, electing the officers of the Executive Committee for the ensuing term and for the transaction of such business as may properly come before the meeting. The meeting will be held at such place and at such time as may be fixed by a resolution adopted by a majority of all the directors.
- (b) Members of the Board may meet via teleconference or videoconference.
- (c) Regular meetings of Directors shall be held at the principal office of the corporation, unless such day falls on a legal holiday, in which event the regular meeting shall be held at the same hour and place on the next business day.

### **SECTION 3. SPECIAL MEETINGS**

- (a) Special meetings of the Directors may be called by the Chairperson of the Board, at the request of not less than one-half (1/2) of the Directors, or at the request of the Executive Committee.



- (b) Special meetings called under subsection (a) shall be held at the principal office of the corporation unless otherwise designated.
- (c) Special meetings may also be held at the place—within or without the state of Indiana—designated by the person or persons calling the meeting.

#### SECTION 4. NOTICE OF MEETINGS

- (a) The notice of any meeting shall state the place, date, and hour of the meeting and the purpose for which the meeting is called.
- (b) Special meetings of the directors shall be held upon ten (10) days' notice delivered by first-class mail or upon forty-eight hours' notice delivered personally, fax, or e-mail. Such notices shall be addressed to each director at his or her mailing address, fax number, or e-mail address as recorded on the books of the corporation.
- (c) Mail Delivery. The notice shall be deemed to be delivered upon its deposit in the mail. Such notice, if mailed, may be by mailing of the corporation's newsletter to the Director with notice as required being included within such newsletter and likewise sent ten (10) days in advance as required hereby.
- (d) Fax Delivery. The notice shall be deemed to be delivered upon the sender's receipt of a confirmation report printed or displayed by the sender's fax machine.
- (e) E-mail Delivery. The notice shall be deemed to be delivered immediately upon the sender's execution of the delivery.
- (f) Directors who are absent from a meeting that has been adjourned shall not require notice of the time and place of the next meeting if such a meeting is held no more than twenty-four (24) hours from the time of the adjourned meeting. If the next meeting is held more than twenty-four (24) hours from the time of the adjourned meeting, notice shall be given to all absent Directors pursuant to subsections (b)-(e) of this Section.
- (g) When a meeting of the Board is adjourned to another time and place, notice thereof shall be announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) day, a notice of the adjourned meeting shall be given to each Director in accordance with the provisions of this section.

#### SECTION 5. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

- (a) A meeting, however called and noticed or wherever held, is valid—and any business conducted at said meeting is also valid—as long as the following are met:
  - 1. A quorum (as defined in these Bylaws) is present at meeting and each director not present at the meeting signs a waiver of notice and a consent to holding the meeting (either before or after the meeting) or
  - 2. An approval of the minutes occurs.
- (b) Any Director may waive notice of any meeting.
- (c) Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

#### SECTION 6. QUORUM FOR MEETINGS

- (a) A quorum shall consist of 40% of the directors currently serving at the time of the meeting.
- (b) The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.
- (c) Except as provided in these Bylaws, the corporation's Articles of Incorporation, or by function of law, no business shall be considered by the Board at any meeting at which a quorum (as defined in these Bylaws) is not present.
- (d) If a quorum (as defined in these Bylaws) is not present at a meeting, the only motion the chair shall entertain at such a meeting is a motion to adjourn.
- (e) The majority of the directors present at a meeting referenced in subsections (b) and (c) may adjourn and set another meeting before the time fixed for the next regular meeting of the Board.
- (f) When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such next meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 4 of this Article.
- (g) The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting (due to a withdrawal of directors from the meeting), provided any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, the Articles of Incorporation, or Bylaws.

#### SECTION 7. MAJORITY ACTION AS BOARD ACTION

- (a) Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors.
- (b) Subsection (a) shall not apply if the Articles of Incorporation, Bylaws, or Indiana Nonprofit Corporation Law require a greater percentage or different voting rules for Board approval of a matter, particularly those provisions relating to appointment of committees, approval of contracts or transactions in which a director has a material financial interest, and indemnification of directors.
- (c) A director who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his/her dissent shall be entered in the minutes of the meeting or unless he/she shall file his/her written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

#### SECTION 8. CONDUCTING MEETINGS

- (a) Meetings of the Board of Directors shall be presided over by the Chairperson of the Board.
- (b) If the Chairperson is absent, the President of the corporation shall preside at the meeting.

- (c) If neither the Chairperson or President of the corporation are absent, the Vice President of the corporation shall preside at the meeting.
- (d) If the Chairperson, President of the corporation, or Vice President of the corporation are absent, or no such person has been so designated, a person chosen by a majority of the directors present at the meeting shall preside at the meeting.
- (e) The Secretary of the corporation shall act as secretary of all meetings of the Board.
- (f) In the absence of the Secretary, the presiding officer shall appoint another person to perform the duties of the secretary at that meeting.
- (g) At each meeting of the Board, every director shall be entitled to vote in person or via tele-video. No Director shall be entitled to vote by proxy.
- (h) Each Director at a meeting of the Board shall have one vote only.

## **ARTICLE 9 – EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS**

### **SECTION 1. EXECUTION OF INSTRUMENTS**

- (a) The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation.
- (b) Such authority as referenced in subsection (a) may be general or confined to specific instances.
- (c) Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

### **SECTION 2. CHECKS AND NOTES**

- (a) Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the Treasurer and countersigned by such Officer or Officers as the Board may from time to time designate.

### **SECTION 3. DEPOSITS**

- (a) All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

### **SECTION 4. GIFTS**

- (a) The Board may accept on behalf of the corporation any contribution, gift, bequest, or device for the charitable or public purposes of this Corporation.

## **ARTICLE 10 – ARTICLES, CORPORATE RECORDS, REPORTS, AND SEAL**

### **SECTION 1. MAINTENANCE OF CORPORATE RECORDS**

- (a) The corporation shall keep at its principal office in the State of Indiana:

1. Minutes of all meetings of directors and committees of the Board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, the names of those present and the proceedings thereof.
2. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses.
3. A copy of the corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the public at all reasonable times during office hours.

## SECTION 2. CORPORATE SEAL

- (a) The Board of Directors may adopt, use, and at will alter, a corporate seal.
- (b) Such seal shall be kept at the principal office of the corporation.
- (c) Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

## SECTION 3. DIRECTORS' INSPECTION RIGHTS

- (a) Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation.

## SECTION 4. RIGHT TO COPY AND MAKE EXTRACTS

- (a) Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

## SECTION 5. ANNUAL REPORT

- (a) The Board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation, which report shall contain the following information in appropriate detail:
  1. The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.
  2. The principal changes in assets and liabilities, including trust funds, during the fiscal year.
  3. The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
  4. The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year.
- (b) The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

## SECTION 6. ANNUAL STATEMENT OF SPECIFIC TRANSACTIONS TO DIRECTORS



- (a) This corporation shall mail or deliver to all directors a statement within one hundred and twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any indemnification or transaction of the following kind:
  - 1. Any transaction in which the corporation, or its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:
    - i. Any director or officer of the corporation, or its parent or subsidiary (a mere common directorship shall not be considered a material financial interest); or
    - ii. Any holder of more than ten percent (10%) of the voting power of the corporation, its parent or its subsidiary.
- (b) The statement in subsection (a) need only be provided with respect to a transaction during the previous fiscal year involving more than FIFTY THOUSAND DOLLARS (\$50,000) or which was one of a number of transactions with the same persons involving, in the aggregate, more than FIFTY THOUSAND DOLLARS (\$50,000).
- (c) Similarly, the statement in subsection (b) need only be provided with respect to indemnifications or advances aggregating more than TEN THOUSAND DOLLARS (\$10,000) paid during the previous fiscal year to any director or officer, except that no such statement need be made if such indemnification was approved by the directors pursuant to Indiana Nonprofit Corporation Law.
- (d) Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the corporation, the nature of such person's interest in the transaction and, where practical, the amount of such interest, provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

## **ARTICLE 11 – FISCAL YEAR**

### **SECTION 1. FISCAL YEAR OF THE CORPORATION**

- (a) The fiscal year of the corporation shall begin on the first day of the month of July and end on the last day of the month of June in each year.

## **ARTICLE 12 – AMENDMENT OF BYLAWS AND OF ARTICLES**

### **SECTION 1. AMENDMENT**

- 1. Any amendment of the Bylaws may be adopted or repealed by the approval of the Board by majority of the entire Board as heretofore provided at any annual or special meeting called (with agenda inclusion of such proposed changes being included).
- 2. Any amendment of the Articles of Incorporation may be adopted or repealed by the approval of the Board by majority of the entire Board as heretofore provided at any annual or special meeting called (with agenda inclusion of such proposed changes being included).

## **ARTICLE 13 – PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

### **SECTION 1. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

- (a) No director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the Board of Directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation.

## **ARTICLE 15 – DISSOLUTION**

### **SECTION 1. DISSOLUTION**

- (a) In the event of dissolution, all official records, monies, and property shall immediately become property of the Department of Indiana, Veterans of Foreign Wars.

## **ARTICLE 15 – CONFLICTS OF INTEREST POLICY**

### **SECTION 1. PURPOSE**

- (a) 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.
- (b) 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.

### **SECTION 2. DEFINITIONS**

- (a) 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.
- (b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - 1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
  - 2. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
  - 3. 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.

- (c) Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- (d) 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.

### SECTION 3. PROCEDURES

- (a) 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.
- (b) 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.
- (c) Procedures for Addressing the Conflict of Interest.
  - 1. 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.
  - 2. 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.
  - 3. 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.
  - 4. 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.
- (d) Violations of the Conflicts of Interest Policy.
  - 1. 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.
  - 2. 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.

#### SECTION 4. RECORDS OF PROCEEDINGS

- (a) The minutes of the governing board and all committees with board delegated powers shall contain:
  - 1. 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 or committee's decision as to whether a conflict of interest in fact existed.
  - 2. 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.

#### SECTION 5. 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.

#### SECTION 6. ANNUAL STATEMENTS

- (a) Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:
  - 1. Has received a copy of the conflicts of interest policy;
  - 2. Has read and understands the policy;
  - 3. Has agreed to comply with the policy; and
  - 4. 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.

#### SECTION 7. PERIODIC REVIEWS

- (a) 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.
- (b) The periodic reviews shall, at a minimum, include the following subjects:



1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. 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.

#### SECTION 8. USE OF OUTSIDE EXPERTS

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

### **ARTICLE 16 – INDEMNIFICATION AND INSURANCE**

#### SECTION 1. THIRD PARTY ACTIONS

- (a) To the extent not inconsistent with the laws of the State of Indiana, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that he/she is/was a Director or Officer of the Corporation, or is/was serving at the request of the Corporation, as a Director or Officers of another Corporation, partnership, joint venture, trust or other enterprises, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.
- (b) The termination of any action, suit, or proceeding by judgement, order, settlement, conviction, or upon plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.
- (c) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgement in its favor by reason of the fact that he/she is/was a Director or Officer of the Corporation, or is/was serving at the request of the Corporation as a Director or Officer of another Corporation, partnership, joint venture, trust, or other enterprise against expenses, including attorney's fees, actually and reasonably incurred in connection with the defense or settlement of the action or suit if he/she acted in good faith and in a manner he/she reasonably believed to be in or not

opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Corporation unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

- (d) Any indemnification under said paragraphs (a) or (b) of this section, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director or Officer is proper in the circumstances because he/she has met the applicable standard of conduct set forth in this section. The determination shall be made by the Board by a majority vote of a quorum consisting of Directors who were not parties of such action, suit, or proceeding, or if such a quorum is not obtainable, or even if obtainable and a quorum of disinterested Directors so direct, then by independent counsel in a written opinion.
- (e) The indemnification provided by this Section shall continue in effect as to a person who has ceased to be an officer or director, and shall inure to the benefit of his or her personal representative, legatees, or heirs.

## SECTION 2. EXPENSES

- (a) Expenses incurred in investigating or defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in these Bylaws.
- (b) To the extent that a Director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in paragraphs (a) or (b) of Section 1 of Article 15, or in defense of any claim, issue, or matter therein, he or she shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred in connection with the action, suit, or proceeding.
- (c) Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board in the specific case upon receipt unless it is ultimately determined that he/she is entitled to be indemnified by the Corporation as authorized in this section.
- (d) The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of disinterested Directors, or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or Officers and shall inure to the benefit of the heir, executors and administrators of such person.

## SECTION 3. DETERMINATION AND ELIGIBILITY

- (a) Any indemnification under Section 1 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper under the circumstances because he or she has met the applicable standard of conduct set forth in Section 1. Such determination shall be made (a) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so requests, by independent legal counsel in a written opinion.

#### SECTION 4. INSURANCE

- (a) The Corporation shall purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or another enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of these Bylaws.

**VETERANS FOUNDATION OF INDIANA, INC.**  
**POLICY ON CONFLICT OF INTERESTS**

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**ARTICLE I – PURPOSE**

1. 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.
2. 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.
3. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
4. 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 3 – 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 4—RECORDS OF PROCEEDINGS

1. 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 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 5 – COMPENSATION**

1. 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.
2. 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.
3. 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 6 —ANNUAL STATEMENTS**

1. 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 7 – PERIODIC REVIEWS**

1. 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.
2. 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 8 – USE OF OUTSIDE EXPERTS**

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