

**BYLAWS OF  
Sentience Institute  
State of New York**

Adopted by the Board as of October 17, 2021

**ARTICLE I. Name**

The name of the corporation shall be Sentience Institute (the "corporation"). The corporation may, by a vote of the Board of Directors (the "board"), change its name.

**ARTICLE II. Offices**

The principal office of the corporation shall be in the Kings County, State of New York. The corporation may also have offices at such other places as the board may from time to time determine or the business of the corporation may require.

**ARTICLE III. Purpose**

**Section 1. Nonprofit Purpose**

The corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

**Section 2. Specific Purpose**

The corporation is specifically formed to increase moral consideration for all sentient beings, including nonhumans, by conducting publicly accessible research on strategies for the expansion of humanity's moral circle, and advocating for the strategies that the corporation's research and any other evidence suggests will most effectively expand humanity's moral circle, particularly in such a way as to most effectively reduce suffering among all sentient beings.

**ARTICLE IV. Fiscal Year**

The fiscal year of the corporation shall be from January 1 through December 31.

**ARTICLE V. Members**

The corporation shall have no members.

## **ARTICLE VI. Board of Directors**

### **Section 1. Duty of Care**

A member of the board (a “director”) must act in good faith and exercise the degree of diligence, care, and skill that an ordinary prudent individual would use under similar circumstances in a like position. To conform with this standard, directors shall regularly attend and participate in board meetings and committee meetings where applicable; read, review, and inquire about materials that involve the institution, especially board minutes, annual reports, other reports, plans, and policies; have a fiduciary responsibility for the assets, finances, and investments of the institution, and shall exercise due diligence, care, and caution as if handling one’s own personal finances; and use their own judgment in analyzing matters that have an impact on the institution.

### **Section 2. Duty of Loyalty**

Directors owe allegiance to the corporation and shall act in good faith with the best interest of the corporation in mind. The conduct of a director shall, at all times, further the institution's goals and not the member's personal or business interests. Consequently, directors shall not allow any personal or business interest to conflict with their responsibilities to the corporation, per the Conflicts of Interest policy laid out in Article XIX of these Bylaws. Acts of self-dealing constitute a breach of fiduciary responsibility that could result in personal liability and removal from the board. A director shall also avoid impropriety when conducting the institution's business.

### **Section 3. Duty of Obedience**

Directors have a responsibility to insure that the institution’s resources are dedicated to the fulfillment of its purpose. Directors also have a duty to ensure that the institution complies with all applicable laws and does not engage in any unauthorized activities.

### **Section 4. Authorities and Responsibilities**

The board may advise the Executive Director with regard to the management of the affairs and property of the corporation; shall have the authority to hire and discharge the Executive Director; shall have the authority to approve annual budgets and any major changes in the budget, and to reject those budgets and major changes to budgets which they determine do not further the corporation’s mission or comply with these Bylaws; shall have power to fill vacancies on the board or in offices; shall appoint and have the power to remove all directors and officers; and shall have power to amend, alter, change or repeal any provision contained in the corporation’s Bylaws or Certificate of Incorporation, pursuant to Article XI of these Bylaws. Approval of the board by a vote of two-thirds (2/3) of the members of the entire board is also required for the

disposal of all, or substantially all, of the assets of the corporation, and the board may dissolve or merge the corporation by a vote of three-quarters (3/4) of the members of the entire board.

Directors are also encouraged to participate in the raising of funds for the corporation, and may conduct outreach on its behalf.

Directors shall work with each other as a congenial and committed group. Any director who willfully violates the confidence of other board members, who engages in illegal or unethical activities, who acknowledges having or is determined by the executive committee to have a conflict of interest with the business or purpose of the corporation, or who is disruptive, passive, absent or otherwise deemed by the majority of the board to be unacceptable may be removed or asked to resign as a result of an action by the board pursuant to Section 8 below. All directors shall be provided the original Articles of Incorporation, Bylaws, and other appropriate materials and literature upon request.

To the fullest extent allowed by law, the board may delegate to any employee or agent any powers possessed by the board.

#### **Section 5. Number**

The number of directors that shall constitute the board initially shall be three (3). The board shall consist of not less than three (3) and not more than nine (11) directors. Within these specified limits, the number of directors can be increased or decreased from time to time, by resolution of the board, but such action by the board shall require a vote of a majority of the entire board, and no decrease shall shorten the term of any incumbent director.

#### **Section 6. Election and Term**

The initial directors shall be the persons named in the Certificate of Incorporation. To become a director, a person shall be nominated by a director and elected by a majority of the board. Directors shall hold office for a term of two (2) years and each shall continue in office for such term and until such director's successor shall have been elected or qualified, or until such director's death, resignation or removal. Directors may be reelected for multiple (consecutive or non-consecutive) terms.

Former board members may continue to serve the corporation by participation in various committees, or, if the corporation so decides, on an advisory council. Directors elected to serve a partial term, whether to fill a vacancy or for any other reason, shall be eligible to serve two (2) additional full years if and only if they were elected more than halfway through the fiscal year. If they were elected within the first six (6) months of the fiscal year, then that partial year will constitute a full year, and the director will be allowed to serve an additional one (1) year before being eligible for reelection of a second term.

At the final board meeting of the calendar year, a slate of officer nominees will be created. Any board member can nominate any board member to serve as an officer. At the first meeting of the fiscal year, officers will be elected by majority vote. In the event that an officer vacancy remains, the chair of the board may appoint an officer. Officer terms last one year and officers may be reelected for four consecutive one year terms.

### **Section 7. Attendance**

Directors are expected to attend all regularly scheduled board meetings either in person or via teleconference. The chair of the board must be notified in advance if a board meeting will be missed.

### **Section 8. Removal**

Any director may be removed at any time, with or without cause, at any meeting by a majority of the entire board or by action in writing signed by all of the other directors.

### **Section 9. Resignation**

Any director may resign at any time by giving five (5) days written notice to the chair of the board. The resignation shall take effect at the time specified therein, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

### **Section 10. Meetings**

At least two (2) regular meetings of the board shall be held during the fiscal year. Special meetings of the board may be called by the chair of the board when deemed necessary or on request of one-third (1/3) of the directors. Notice of a special meeting shall include the purpose for which it is called, and no other business may be transacted.

### **Section 11. Quorum**

At each meeting of the board, the presence of at least one-half of the total number of directors shall constitute a quorum for the transaction of the business announced in the agenda distributed prior to the meeting. The entire board must be present in order to amend the published agenda to include substantive items requiring board vote.

### **Section 12. Manner of Acting**

The vote of a simple majority of the directors present at any meeting at which there is a quorum shall be the act of the board, unless these Bylaws or provisions of law require a greater percentage or different voting rules for approval of a matter of record.

### **Section 13. Action Without a Meeting**

Any action required or permitted to be taken by the board or any committee thereof may be taken without a meeting if all members of the board consent in writing to the adoption of a resolution authorizing the action. The resolution and written consents thereto by the members of the board or such committee shall be filed with the minutes of the proceedings of the board or such committee.

### **Section 14. Compensation of Directors**

The corporation shall not pay compensation to directors for services rendered to the corporation in their capacity as directors, except that the board may authorize the reimbursement of directors for reasonable expenses incurred in the performance of their duties to the corporation. This shall not in any way limit reimbursement of or payment for services provided to the corporation by the director in any capacity separate from his or her responsibilities as a director, provided that there is full disclosure of the terms of such compensation and the arrangement has been approved by the board. The provisions of this section shall not in any way limit reimbursement of or payment for services provided to the corporation by any organization in which a director is affiliated, subject to the conflict of interest policy.

## **ARTICLE VII. Committees of the Board**

### **Section 1. Executive Committee and Other Standing Committees**

The board, by resolution adopted by a majority of the entire board, may designate from among its members an Executive Committee and other standing committees consisting of three (3) or more directors.

The standing committees shall have such authority as the board shall by resolution provide, and the Executive Committee shall have all the authority of the board, except that no committee shall have authority as to the filling of vacancies in the board or in any committee; the dissolution of the corporation; the discharge or hiring of the Executive Director; the fixing of compensation of the directors for serving on any committee; the amendment or repeal of the Bylaws, or the adoption of new Bylaws; the amendment or repeal of any resolution of the board which by its terms shall not be so amendable or repealable.

### **Section 2. Special Committees**

The board may designate special committees, each of which shall consist of such persons and shall have such authority as is provided in the resolution designating the committee, except that

such authority shall not exceed the authority conferred on the Executive Committee by Section 1 of this Article VII.

### **Section 3. Meetings**

Meetings of committees, of which no notice shall be necessary, shall be held at such time and place as shall be fixed by the chair of the committee or by vote of a majority of all of the members of the committee.

### **Section 4. Quorum and Manner of Acting**

Unless otherwise provided by resolution of the board, a majority of all of the members of a committee shall constitute a quorum for the transaction of business and the vote of a majority of all of the members of the committee shall be the act of the committee. The procedures and manner of acting of the Executive Committee and of the committees of the board shall be subject at all times to the directions of the board.

### **Section 5. Tenure of Members of Committees of the Board**

Each committee of the board and every member thereof shall serve at the pleasure of the board.

### **Section 6. Alternate Members**

The board may designate one (1) or more directors as alternate members of the Executive Committee or of any standing committee of the board, who may replace any absent member or members at any meeting of such committee.

## **ARTICLE VIII. Officers**

### **Section 1. Titles**

The board may elect any officers it sees fit, and assign their responsibilities in accordance with the common practice for those offices. One person may hold, and perform the duties of, more than one office, provided that the same person may not hold the offices of president and secretary. Pursuant to New York state law, no employee of the corporation shall serve as chair of the board or hold any other title with similar responsibilities. Except as may otherwise be provided in the resolution of the board choosing an officer, no officer need be a director. All officers shall be chosen by and shall serve at the pleasure of the board.

### **Section 2. Removal**

Any officer elected or appointed by the board may be removed at any time, with or without cause, at any meeting by a majority of the entire board at which a majority of the directors is present or by action in writing signed by all directors.

### **Section 3. Resignation**

Any officer may resign at any time by giving five (5) days written notice to the chair of the board. The resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

### **Section 4. Chair**

The chair of the board shall preside at all meetings of the board and the executive committee; act as a liaison between the board and the president (if there be such an officer) to help ensure the board's directives and resolutions are carried out; and exercise and perform such other powers and duties as may be from time to time prescribed by the board.

More specifically, the chair of the board or their delegate(s) shall be responsible for: leading the board and executive committee to carry out its governance functions; preparing board meeting agendas and notifying directors of upcoming meetings; recording and keeping the minutes of all meetings of the board; presiding over meetings of the board and executive committee; ensuring the board has approved policies to help ensure sound and compliant governance and management of the organization; partnering with the Executive Director to lead the development and refinement of impact metrics; assessing the performance of the board and its committees; assuring ongoing recruitment, development, and contributions of board members; partnering with the president (if there be such an officer) and Executive Director to help ensure the board's directives, policies, and resolutions are carried out; working with the president (if there be such an officer) and Executive Director in cultivating and soliciting major foundation grants and individual gifts; reviewing the Executive Director's quarterly reports; reviewing the quarterly financial reports; coordinating an annual performance review of the Executive Director; serving as an ambassador of the organization and advocating its mission to internal and external stakeholders.

### **Section 9. Compensation**

Any officer of the corporation who is not a director is authorized to receive a reasonable salary or other reasonable compensation for services rendered to the corporation in their capacity as an officer when authorized by a majority of the board, and only when so authorized.

## **ARTICLE IX. Corporate Staff**

### **Section 1. Executive Director**

The board shall have the authority to appoint and discharge the Executive Director, and to determine his or her compensation.

The Executive Director is the general manager and chief executive officer of the corporation and shall have immediate and overall supervision of the operations of the organization; direct the day-to-day business of the corporation; maintain the properties of the corporation; hire, discharge, and determine titles, terms of office, authorities, duties, and compensation of all staff members excluding his or herself; and appoint contractors, interns, and volunteers to assist the corporation in furtherance of its purpose.

Among other things, the Executive Director or their delegate(s) shall be responsible for ensuring the organization's activities are compliant and in furtherance of its purpose; leading, managing, and developing the organization's employees, volunteers, and organizational culture; developing, implementing, monitoring, and assessing the organization's programs (including their impact); developing, implementing, monitoring, and assessing sound and compliant financial management practices (including budgeting); developing, implementing, monitoring, and assessing sound and compliant fundraising practices; developing, informing, and supporting the board and the board committees to carry out their governance functions; partnering with the chair of the board to help ensure the board's directives, policies, and resolutions are carried out; working with the development staff and chair of the board in cultivating and soliciting major foundation grants and individual gifts; developing and maintaining beneficial relationships with donors, funders, supporters, collaborators, allies, vendors, and other stakeholders; ensuring effective external communications about the organization and its mission, priorities, importance, programs, and activities; championing the organization and advocating its mission to internal and external stakeholders; staying informed and keeping the organization's leadership informed of significant developments and changes in the internal and external environment; leading the organization's planning processes; preparing a report of the condition of the finances of the corporation at the final meeting of the board in the calendar year; and ensuring legal compliance (including all required filings) and sound risk management practices.

No officer or director may individually instruct the Executive Director or any other employee. The Executive Director shall make such reports at the board and executive committee meetings as shall be required by the president (if there be such an officer) or the chair of the board. The Executive Director shall be an ex officio member of the board and all committees, and shall attend all board meetings. The Executive Director may be hired at any meeting of the board of directors by a majority vote and shall serve until resignation or removal by the board of directors upon an affirmative vote of three-quarters (3/4) of the members of the entire board. Such removal may be with or without cause. In case of their intended removal, the Executive Director shall be given written notice of the board's intention at least sixty (60) days before the effective date of removal, except in circumstances where the removal is for cause. Nothing herein shall confer any compensation on any Executive Director, who shall remain an employee terminable at will, as provided in this Section.



## **ARTICLE X. Advisory Council**

The board, by resolution adopted by a majority of the entire board, may designate or authorize the Executive Director to designate an Advisory Council. Such an Advisory Council shall consist of persons who are interested in the purpose and principles of the corporation. The Advisory Council and each member thereof shall serve at the pleasure of the Executive Director and board. Any vacancy in the Advisory Council may be filled and the board may remove any member of the Advisory Council, either with or without cause. The Advisory Council shall advise the Executive Director and board as to any matters that are put before council members by the Executive Director or board concerning the corporation. The Advisory Council shall not have or purport to exercise any powers of the board nor shall it have the power to bind the corporation in any manner.

## **ARTICLE XI. Amendment of the Bylaws and Certificate of Incorporation**

These Bylaws and the contents of the corporation's Certificate of Incorporation may be amended, altered, changed or repealed by the board of directors, subject to applicable statutes, providing any amendment, alteration, change or repeal proposed shall have been distributed to the board in advance of a regularly scheduled board meeting for review and discussion at that meeting; have been approved by two-thirds (2/3) of the directors in office at a subsequent meeting of the board, unless what is being amended, altered, changed or repealed is the requirement of a vote of a greater number of directors for an action in which case the vote of that number of directors is required; and shall not render the corporation ineligible for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and the regulations thereunder.

## **ARTICLE XII. Reference to Certificate of Incorporation**

References in these Bylaws to the Certificate of Incorporation shall include all amendments thereto or changes thereof unless specifically excepted.

## **ARTICLE XIII. Execution of Instruments**

### **Section 1. Contracts, Transactions and Instruments**

The board shall authorize the Executive Director, or any employee or agent the Executive Director delegates, to enter into any contracts and transactions, and to execute and deliver any instrument, in the name of and on behalf of the corporation, provided that the contract or transaction does not represent a conflict of interest for the Executive Director as described in Article XIV of these Bylaws, in which case the Executive Director must not enter the contract or

transaction without the permission of the board. The board may advise the Executive Director on any contracts and transactions, and the Executive Director may seek board approval for any contract or transaction that they are considering entering in the name of and on behalf of the corporation. No director shall, in their capacity as a director, enter into a contract in the name of and on behalf of the corporation without the general or specific permission of the board.

## **Section 2. Deposits**

Funds of the corporation may be deposited from time to time to the credit of the corporation with the depositories that are selected by the board.

## **Section 3. Orders for the Payment of Money and Endorsed for Deposit**

All checks, drafts or other orders for the payment of money, notes, or acceptances issued in the name of the corporation shall be signed by the office or officers or agent or agents of the corporation authorized, and in the manner determined, from time to time by resolution of the board.

Endorsements for deposits to the credit of the corporation in any of its authorized depositories may be made, without countersignature, by any officer of the corporation or may be endorsed by hand-stamped impression in the name of corporation, unless otherwise provided by resolution of the Board.

# **ARTICLE XIV. Indemnification and Insurance**

## **Section 1. Indemnification**

Except as provided below, the corporation shall, to the fullest extent now or hereafter permitted by law, indemnify any person made, or threatened to be made, a party to any action or proceeding by reason of the fact that he or she, his or her testator or intestate, was a director, officer, employee or agent of the corporation, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees. No indemnification may be made to or on behalf of any such person if (a) his or her acts were committed in bad faith or were the result of his or her active and deliberate dishonesty and were material to such action or proceeding, or (b) his or her personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

## **Section 2. Insurance**

The corporation shall have the power to purchase and maintain all insurance policies deemed to be in the best interest of the corporation including insurance to indemnify the corporation for any obligation which it incurs as a result of its indemnification of directors, officers and employees

pursuant to Section 1 above, or to indemnify such persons in instances in which they may be indemnified pursuant to Section 1 above.

## **ARTICLE XV. IRS 501(c)(3) Tax Exemption Provisions**

### **Section 1. Limitations on Activities**

No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation.

### **Section 2. Prohibition Against Private Inurement**

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the corporation's purposes as described in Article III of these Bylaws.

### **Section 3. Distribution of Assets**

Upon the dissolution of this corporation, after payment of all necessary expenses thereof, assets shall be distributed to a Section 501(c)(3) tax exempt nonprofit organization, as determined by the board at that time. If the board is unable to carry out that duty, assets shall be distributed to Animal Charity Evaluators, P.O. Box 5482 San Diego, CA 92165.

### **Section 4. Private Foundation Requirements and Restrictions**

In any taxable year in which this corporation is a private foundation as described in Section 509(a) of the Internal Revenue Code, the corporation shall distribute its income for said period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue Code; and shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

## **ARTICLE XVI. Non-Discrimination Policy**

In all of its dealings, neither the corporation nor its duly authorized agents shall discriminate against any individual or group for reasons including, but not limited to, race, color, creed, sex, age, national origin, marital status, sexual orientation, veteran status, mental or physical handicap, income, or any status protected by the laws or regulations in the locations where we operate.

## **ARTICLE XVII. Whistleblower Protection**

The corporation requires its members to observe high standards of ethical behavior in the conduct of their duties and responsibilities. As members of the corporation, all such persons must practice honesty and integrity in fulfilling their responsibilities, and they must comply with all applicable laws and regulations. It is the responsibility of all members to perform ethically and to comply with all the bylaws of the corporation.

Members of the corporation are expected to report material violations or suspected violations in accordance with this whistleblower policy. The corporation prohibits harassment, retaliation and adverse consequences against a member of the corporation who has reported a violation in good faith to either external law enforcement or internal authorities.

## **ARTICLE XVIII. Gifts**

### **Section 1. Form**

All amounts and properties given, devised or bequeathed and the income therefrom shall be funds, assets and income of the corporation, as such terms are used herein or in the Certificate of Incorporation, whether given, devised or bequeathed directly to the corporation or to a bank, trust company or other proper custodian for the corporation.

### **Section 2. Refusal of Gifts**

The corporation shall refuse or renounce all grants, gifts, devises, bequests and legacies, the acceptance of which would cause it to be treated as other than a charitable corporation duly qualified under Section 501(c)(3) of the Internal Revenue Code of 1986 or any similar section in any subsequent federal tax law.

### **Section 3. Reservation of Powers by Corporation**

All grants, gifts, devises, bequests and legacies to the corporation are made and accepted subject to all the terms, restrictions, requirements and powers contained in these Bylaws and

the Certificate of Incorporation, as such documents may be amended, whether before or after the making of such grants or the like, and the donor or testator, by making such grant or the like and in consideration of the acceptance thereof by the corporation, accepts and agrees to such terms, restrictions, requirements and powers.

## **ARTICLE XIX. Conflicts of Interest and Compensation**

### **Section 1. Purpose**

The purpose of the conflicts of interest policy is to protect the corporation's interests and tax exemption when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### **Section 2. Definition**

A conflict of interest arises whenever a director or officer is in a position to approve or influence corporation policies or actions which involve, or could potentially benefit or harm financially: the individual; any member of the individual's immediate family (spouse, parents, children, brothers or sisters, and spouses of these individuals); any entity in which the individual or an immediate family member is, or is considering becoming, an owner, investor, director, officer, employee, other paid agent, member, or partner; or any entity which has provided the individual with compensation or a compensation arrangement, including direct and indirect remuneration as well as gifts or favors that are not insubstantial.

### **Section 3. Disclosure of Conflicts of Interest**

A director or officer shall disclose to the president, secretary, or board a conflict of interest: prior to voting on or otherwise discharging any duties with respect to any matter involving the conflict; prior to the corporation entering into any contract or transaction involving the conflict; as soon as possible after the director or officer learns of the conflict; and on any conflict of interest disclosure form required by the corporation.

In addition to the disclosures required above, within three (3) months of a director's initial election to the board, or an officer's employment at the corporation, and thereafter on an annual basis, all directors and officers shall disclose in writing to the chair of the board:

- (i) any entity of which such person is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the corporation has a relationship;
- (ii) any transaction in which the corporation is a participant and in which the director might have a conflicting interest.

A copy of each disclosure statement shall be kept in corporation's files.

#### **Section 4. Actions Involving Potential Conflicts of Interest**

Following receipt of information concerning an action involving a potential conflict of interest, the board shall consider the material facts concerning the proposed action including the process by which the decision was made to recommend pursuing the action on the terms proposed.

Interested persons must recuse themselves from the vote on the action involving the potential conflict of interest. They may make a presentation at the governing board or committee meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the action involving the possible conflict of interest. Interested directors may be counted in determining the presence of a quorum at a meeting of the board or committee which authorizes such contract or transaction.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed action. After exercising due diligence, the governing board or committee shall determine whether the corporation can pursue with reasonable efforts an equally or more advantageous action that would not give rise to a conflict of interest.

If an equally or more advantageous action 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 action is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. Fairness includes, but is not limited to, the concepts that the corporation should pay no more than fair market value for any goods or services which the corporation receives and that the corporation should receive fair market value consideration for any goods or services that it furnishes others. In conformity with such determination the board shall make its decision as to whether to enter into the transaction or arrangement, and shall set forth the basis for its decision in the minutes of the meeting at which the decision is made.

#### **Section 5. Violations of the Conflicts of Interest Policy**

If the governing board or committee has reasonable cause to believe a director or officer 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.

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.

The board may, by a two-thirds (2/3) vote of all disinterested directors then in office, remove a director or officer for failure to promptly disclose a known conflict of interest.

### **Section 6. Records of Proceedings**

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

### **Section 7. Compensation of Directors and Officers**

No director or officer of the corporation shall receive, directly or indirectly, any compensation or other payment from the corporation, unless authorized by the concurring vote of two-thirds (2/3) of all the directors then in office, and in no event shall any compensation or payment be paid or made except reasonable compensation for services actually rendered or reimbursement for disbursements actually incurred.

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

### **Section 8. Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person has received a copy of the conflicts of interest policy; has read and understands the policy; has agreed to comply with the policy; and understands the corporation 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 9. Periodic Reviews**

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include: whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation'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.

When conducting periodic reviews, the corporation may use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.