

Puzzle Peace United

A non-profit corporation of the State of New Jersey

BY-LAWS

ARTICLE I - NAME

Section 1. NAME: The name of this Corporation shall be Puzzle Peace United, a Not-For-Profit Corporation of the State of New Jersey.

Section 2. OFFICE: The Corporation may have offices at such places as the Executive Board may from time to time determine. The Executive Board shall consist of the elected Corporation Officers (President, Vice-President, Secretary and Treasurer) and the Board of Directors (7).

ARTICLE II - PURPOSES

Section 1. PURPOSES: The purpose for which this Corporation is organized include, but are not limited to, the following:

- a. Raising money to hold community events for children with Autism and related disorders;
- b. Raise money to hold community events to support families with children with Autism;
- c. Hold fundraisers to raise awareness for Autism awareness;
- d. Hold fundraisers to raise money for charities who support Autism awareness;

ARTICLE III - MEMBERSHIP

Section 1. MEMBERSHIP: This Corporation shall be comprised of the following persons within the following classes of membership.

- a. Active: _____ Comprised of individuals who have been voted in by the Executive Board and hold the power to vote on decisions that effect this corporation.

- b. Inactive: _____ Comprised of individuals who were formerly voted in by the Executive Board and held the power to vote on decisions that effected the corporation.

- c. Affiliate: _____ Comprised of individuals or business entities who are not Active or Inactive Members, but who have a special interest in the purposes of this Corporation.

- d. Honorary: _____ Comprised of individuals upon whom this Corporation desires to confer such stat according to criteria to be established by this corporation.

Section 2. QUALIFIED MEMBERSHIP: This Corporation may accept Individuals for membership pursuant to criteria to be established by this Corporation and such applications for membership shall be accepted or rejected by a majority vote of the Executive Board.

Section 3. RESIGNATION: Any members may resign by filing a written Resignation with the Secretary, which resignation

shall be presented to the Executive Board by the Secretary at the first meeting after its receipt, but such resignation shall not relieve the member so resigning of the obligation to pay any dues, assessments or other charges previously accrued and unpaid prior to the receipt of such resignation.

Section 4. REINSTATEMENTS: Upon written request signed by a former Member and filed with the Secretary, the Executive Board may, by the Affirmative vote of a majority of the Executive Board, reinstate such former member to membership upon such terms as the Executive Board may deem appropriate.

ARTICLE IV - MEMBERSHIP MEETINGS

Section 1. BUSINESS MEETINGS: The Corporation shall hold, at a minimum, four business meetings during the fiscal year. Special meetings of the members may be called from time to time by the Secretary at the request in writing of a majority of the Executive Board. Such a request for a special meeting shall state the purpose or purposes of the proposed meeting.

Section 2. NOTICE OF MEETINGS OF MEMBERS: Notification of a meeting of the members, stating the time, place and object, shall be mailed or emailed to each member at such email address listed on the Secretary's membership roster, no less than seven days before such meeting.

Section 3. VOTING: The presence of twenty-five percent of the active membership constitutes a quorum. A majority vote of such members where a quorum is present is necessary to make a decision except where some other number is required by law or by these By-Laws. Neither proxy voting nor mail voting is permitted.

Section 4. MEETING REQUIREMENTS: Each active

member shall be required to attend and participate in 75% of all business meetings; unless, active members has submitted a letter to the secretary stating the following reason(s) for absence: medical, family leave at least 14 days prior of the missed meeting; if an emergency occurs a letter needs to be submitted within 4 days of a missed meeting.

ARTICLE V - BOARD OF DIRECTORS

Section 1. GENERAL POWERS & DUTIES: The property, business and affairs of the Corporation shall be managed by its Board of Directors in conjunction with the Elected Corporation Officers, and the Board of Directors may exercise all such powers of the Corporation as are not by law, or by the Articles of Incorporation or by these By-Laws, directed or required to be exercised by the members.

Section 2. COMPOSITION: The initial Board of Directors named in the Articles of Incorporation is composed of three Directors. The total number of Directors of the corporation shall be seven. Each Director shall hold office until his successor shall have been elected and qualified or until his death, resignation or removal.

Section 3. ELECTION OF DIRECTORS: Following the expiration of the terms set forth in Section 2 of these By-Laws, seven Directors will thereafter be elected by the active members of the Corporation as follows: At the time of a directors death, removal or resignation.

Section 4. NOMINATIONS: The Nominating Committee shall communicate by mail or email to the active members at least thirty days before the annual business meeting the nomination(s) for each seat on the Board and/or Officers which is vacant.

Section 5. REMOVAL OF DIRECTORS: Any Director may be removed by a majority vote of the active members

whenever in their judgment the best interest of the Corporation will be served thereby.

Section 6. RESIGNATIONS: Any Director may resign at any time by giving written notice to the President or Secretary of the Corporation. Such 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 7. VACANCIES: Any vacancy occurring in the Board of Directors or any directorship to be filled by reason of an increase in the number of Directors, shall be filled by a majority vote of the Directors then in office at a regular meeting or a special meeting of the Board of Directors called for that purpose. Each Director so appointed to fill a vacancy shall hold office for the unexpired term of his predecessor, and each Director so appointed shall be appointed to hold office until his death, resignation or removal.

Section 8. REGULAR MEETINGS: The regular meeting of the Board of Directors with the Corporation Officers shall be held on such a date within ninety days of the end of this Corporation's fiscal year, as shall be fixed by the Board of Directors, at such time as may be designated in the notice of the meeting.

Section 9. SPECIAL MEETINGS: Special meetings of the Board of Directors may be held at any time on the call of the President or at the request in writing of a majority of the Directors. Special meetings of the Board of Directors may be held at such place as shall be specified in the call for such meeting.

Section 10. NOTICE OF SPECIAL MEETINGS: Notice of each special meeting shall be mailed or emailed by or at the direction of the Secretary to each Director, addressed to him at his residence or usual place of business, at least seven days before the day on which the meeting is to be held.

Notice may be waived in writing by the Director either before or after the meeting. Any meeting of the Board of Directors in conjunction with the Corporation Officers shall be a legal meeting without any notice having been given if all Directors shall be present, 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. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors in conjunction with the Corporation Officers need to be specified in the notice or waiver of notice of such meeting.

Section 11. QUORUM: A majority of the initial Directors named in the Articles of Incorporation shall constitute a quorum for the transaction of business at any meeting of the Board of Directors until such time as the total Board of Directors is elected. Following the election of the Board of Directors, a majority of the total number of Directors as at the time specified by the By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors in conjunction with the Corporation Officers. In the absence of a quorum, a majority of the Directors present may adjourn the meeting to a day certain, and the Secretary shall give all absent Directors seven days notice of such adjourned date; then the Directors present, on such adjourned date, shall constitute a quorum for the purposes of conducting business, provided that in no event shall a quorum consist of less than one-third of the whole Board of Directors.

Section 12. INFORMAL ACTION: Any action required to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all the Directors.

Section 13. COMPENSATION OF DIRECTORS: Directors shall not receive any direct compensation from this Corporation for their service as Directors; this does not preclude any Director from serving the Corporation in any

other capacity and receiving compensation in that capacity.

Section 14. RE-ELECTION: No member of the Board of Directors, who has resigned, shall be eligible for re-election until at least one year shall have elapsed. .

ARTICLE VI - OFFICERS

Section 1. ELECTED OFFICERS: The elected officers of this Corporation shall be a President, a Vice-President, Secretary, Treasurer, Fundraiser Coordinator, Communication Coordinator, and Advertising Coordinator to be elected at the time a vacancy is had, by the active members at the next business meeting. Each officer shall hold office until death, resignation or removal prior thereto.

Section 2. QUALIFICATIONS FOR ELECTED OFFICERS: Only active members of the Corporation are eligible to be elected as officers.

Section 3. THE PRESIDENT: The President shall be the chief executive officer of the Corporation, and shall be responsible for all management functions. He shall have executive authority to see that all orders and resolutions of the Board of Directors are carried into effect, and, subject to the control vested in the Board of Directors by statute, by the Articles of Incorporation, or by these By-Laws, shall administer and be responsible for the overall management of the business affairs of the Corporation.

Section 4. SUBORDINATE OFFICERS: The Board of Directors may appoint such Assistant Secretary, Assistant Treasurers, Controller and other offices and such agents as the Board of Directors may determine, to hold office for such a period and with such authority and to perform such duties as the Board of Directors may from time to time determine.

Section 5. VICE PRESIDENT: There shall be one Vice President who shall be responsible for such duties as are individually assigned to him by the President.

Section 6. SECRETARY: The Secretary shall:

- a. Keep the minutes of the meeting of the regular members and of the Board of Directors, a tape recorder may be used to aid in minute keeping;
- b. See that all notices are duly given in accordance with the provisions of these By-Laws or as required by law;
- c. Be custodian of the records and the seal of the Corporation and see that the seal or a facsimile or equivalent thereof is affixed to or reproduced on all documents, and execution of which on behalf of the Corporation under its seal is duly authorized;
- d. Have charge of membership records of the Corporation; and,
- e. In general, perform all duties incident to the office of Secretary, and such other duties as are provided by these By-Laws and from time to time assigned to him by the Board of Directors or by the President of the Corporation.

Section 7. TREASURER: The Treasurer shall:

- a. Receive and be responsible for all funds of and securities owned or held by the Corporation and, in connection therewith, among other things; keep or cause to be kept full and accurate records to be deposited to the credit of the Corporation all money, funds and securities so received in such bank or other depository as the Board of Directors or an office designated by the Board of Directors may from time to time establish; and disburse or supervise the disbursement of the funds of the Corporation as may be properly authorized.
- b. Render to the Board of Directors at any meeting, when asked, financial and other appropriate records on the condition of the Corporation; and
- c. In general, perform all the duties incident to the office of Treasurer and such other duties as from

time to time may be assigned by the Board of Directors or by the President of the Corporation.

Section 8. Fundraiser Coordinator: The fundraiser Coordinator shall:

- a. Overseeing and creating committees for each individual fundraiser;
- b. Work closely with the Advertising Coordinator to coincide advertising and fundraiser needs;
- c. Render to the Board of Directors at any meeting, when asked, fundraiser and other appropriate records on the state of the Corporation; and
- d. In general, perform all duties incident to the office of Fundraisers, and such other duties as are provided by these By-Laws and from time to time assigned to him by the Board of Directors or by the President of the Corporation.

Section 8. Advertising Coordinator: The Advertising Coordinator shall:

- a. Overseeing and creating committees as needed for advertising needs;
- b. Work closely with the Fundraiser Coordinator to coincide fundraiser and advertising needs;
- c. Design and/or create advertisement;
- d. Render to the Board of Directors at any meeting, when asked, advertising and other appropriate records on the state of the Corporation; and
- e. In general, perform all duties incident to the office of Advertising, and such other duties as are provided by these By-Laws and from time to time assigned to him by the Board of Directors or by the President of the Corporation.

Section 9, Communication Director: The Communication Coordinator shall:

- a. Responsible for reaching out to community businesses, leaders and member to discuss events related to the corporation;
- b. Call sponsors, media and/or members as related to

- the corporation;
- c. All written and spoken correspondences to media when needed;
 - d. Complete interviews as needed;
 - e. Render to the Board of Directors at any meeting, when asked, communication and other appropriate records on the state of the Corporation; and
 - f. In general, perform all duties incident to the office of Communication, and such other duties as are provided by these By-Laws and from time to time assigned to him by the Board of Directors or by the President of the Corporation.

Section 10. COMPENSATION OF OFFICERS: Elected officers shall not receive any direct compensation from this Corporation for their service as officers; this does not preclude any officer from serving the corporation in any other capacity and receiving compensation in that capacity.

Section 12. ELECTIONS: Election of the officers shall be held at the time of a vacancy, with all classes of members being given at least thirty days written notice of such election meeting and the candidates for each office.

Section 13. RE-ELECTION: Re-election is unnecessary for this corporation.

Section 14. BALLOTING: Balloting shall be by secret ballot by those active members in good standing present at the time of an election. If a tie vote occurs, there shall be another secret ballot at a meeting to be held within four weeks and to be called by the President with one week written notice to the active members, with the two members receiving the most votes in the first balloting included in this second balloting. If a tie vote results on this second balloting, the Board of Directors shall **decide**.

Section 15. RESIGNATION: Any officer may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect at the time specified therein;

unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 16. VACANCIES: Any vacancy occurring in any office shall be filled by a majority vote of the Directors. Each officer so appointed shall hold the office for the unexpired term of his predecessor and he shall be appointed to hold such office until his death, resignation or removal.

Section 17. GOOD STANDING: An active member in good standing is an active member who has met the meeting attendance requirements, and has observed and complied with the By-Laws of this Corporation.

ARTICLE VII - SPECIAL AND STANDING COMMITTEES

Section 1. NOMINATING COMMITTEE: The President shall appoint a Nominating Committee and the Chairman of that Committee shall be a Director currently in office. The Nominating Committee shall invite suggestions from the membership of all classes for those offices which are vacant, allowing at least thirty days for suggestions. The Nominating Committee shall then nominate candidates for the required offices of the Corporation as provided in these By-Laws and report such nominations to such membership at least thirty days before the annual business meeting.

Section 2. SPECIAL COMMITTEES: The President, with the approval of the Board of Directors, shall appoint such other committees, sub-committees or task forces as are necessary and which are not in conflict with other provisions of the By-Laws, and the duties of any such committees shall be prescribed by the President with the approval of the Board of Directors.

Section 3. JUDICIAL COMMITTEE: The President shall appoint three (3) members to serve as the Judicial Committee. This Committee shall hear and decide all charges brought against any member. The members shall

serve for the same terms and pursuant to the same conditions as the other officers.

ARTICLE VIII - BOOK AND RECORDS

Section 1. LOCATION: The books, accounts and records of the Corporation may be kept at such place or places within the State of Incorporation as the Board of Directors may from time to time determine.

Section 2. INSPECTION: The books, accounts and records of the Corporation shall be open to inspection by any member of the Board of Directors at all times; and open to inspection by the active members at such times, and subject to such regulations as the Board of Directors may prescribe, except as otherwise provided by statute.

Section 3. CORPORATE SEAL: The Corporation shall have a corporate seal which shall be used as prescribed by the law of this State.

Section 4. FINANCIAL REVIEW: The accounts of the Corporation shall be reviewed not less than annually by a qualified person who shall be appointed by the President with the approval of the Board and who shall provide a report to the Board of Directors and which shall also be provided to the active members at the next annual meeting.

ARTICLE IX - DUES

Section 1. ANNUAL DUES: The members may determine from time to time the amount of initiation fee, if any, annual dues payable by the classes of members of the Corporation, the dates upon which payment is due and penalties for nonpayment or failure to pay in a timely fashion.

ARTICLE X - DISCIPLINE OF MEMBERS

Section 1. GROUNDS FOR DISCIPLINE: For failure to comply with these By-Laws or for any other conduct conclusively established to be contrary to the best interests of the Corporation, a member may be placed on probation or suspended from the Corporation for not more than one year, or may be expelled.

Section 2. NOTIFICATION OF CHARGES: A charged member shall receive a written notice by certified mail, return receipt requested, of the charges against him, indicating the alleged violation with specific reference to the By-Laws provisions, rule or regulation he allegedly violated, the specific alleged violation of conduct, where and when the alleged violation of conduct occurred and the person or entity who filed the charge. Such member shall also be provided at that time with copies of all documents related to the charges which may be used in prosecuting the charges. He shall also be referred to these By-Laws with respect to his procedural rights.

Section 3. RIGHT OF HEARING: A member charged with any violation shall have the right to be heard in person or by written statement made by him in his own defense before the Judicial Committee. Such right shall be afforded prior to the imposition of any penalty or any other disciplinary action and a member may seek a personal hearing if this is requested by a member within fourteen (14) days of the date of written notification to him of a violation and if the request is made in writing to the member who sent the notification. At the hearing, the person or entity bringing the charges shall be present and both sides may present any information or documents. Each party may ask questions of the other party and the other party's witnesses. Legal counsel may be present and fully participate if the corporation is notified at least three days prior to the date of the hearing so it can have its legal counsel present. The hearing shall be audio tape recorded and all documents retained. A written decision shall be made and sent to both parties by certified mail, return receipt requested, within sixty days of the hearing date. A majority vote of the members of the Judicial Committee shall determine its decision.

Section 4. APPEAL: Any member suspended by the Judicial Committee shall have the right of appeal to the Executive Board by giving the Corporation President written notice within seven days of the receipt of the Judicial Committee's decision. The Executive Board shall decide the appeal on the record before the Judicial Committee and on its review of any further written arguments to be submitted by both parties and received by the President no later than fourteen days prior to the date set for oral argument. Notice of the date for oral argument shall be sent by the President no later than forty-five days before the date for oral argument. Legal counsel may participate. A written decision shall then be made by majority vote of the Executive Board and sent by certified mail, return receipt requested, within sixty days of the date on which oral argument was heard.

**ARTICLE XI - INDEMNIFICATION OF OFFICERS, DIRECTORS,
AND OTHERS SERVING IN A CORPORATE OR
COMMITTEE CAPACITY**

Section 1. CIVIL OR CRIMINAL PROCEEDING: The Corporation shall have the power to indemnify any member who was or is a party or 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 is or was a director, officer or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he 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 conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a 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 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 reasonable cause to believe that his conduct was unlawful.

Section 2. NEGLIGENCE OR MISCONDUCT: The Corporation shall have the power to indemnify any member 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 judgment. In its favor by reason of the fact that he is or was a director, officer, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorney's fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he 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 member shall have been adjudged to be liable for negligence or misconduct of the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. ATTORNEY'S FEES: To the extent that a director, officer or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2, or in defense of any claim, issue or matter, he shall be indemnified against expenses including attorney's fees, actually or reasonably incurred by him in connection therewith.

Section 4. DETERMINATION OF INDEMNIFICATION: Any indemnification under Section 1 or 2, unless ordered by a court, shall be made by the Corporation only as authorized in the specific cast upon a determination that indemnification of the director, officer or agent is proper in the circumstances because he has met the

applicable standard of conduct set forth in Section 1 or 2. Such determination shall be made:

- (a) By the Executive Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding;
- (b) If such a quorum is not obtainable, or even if obtainable, a quorum of disinterested Officers and Directors so directs, by independent legal counsel in a written opinion; or
- (c) By the members.

Section 5. EARLY PAYMENT OF EXPENSES: Expenses, including attorney's fees, 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 in the manner provided in Section 4 upon receipt of an undertaking by or on behalf of the director, officer, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Section.

Section 6. INSURANCE: The Corporation shall have the power to purchase and maintain insurance on behalf of any member who is or was a director, officer, or agent of the Corporation, or is or was serving at the request of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this Section.

Section 7. MISCELLANEOUS: The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action as to this official capacity and as to action in another capacity while holding such office, and shall continue as to a member who has ceased to be a director, officer, or agent and shall inure to the benefit of the heirs, executors, and administrators

of such member.

ARTICLE XII - MISCELLANEOUS PROVISIONS

Section 1. FISCAL YEAR: The fiscal year of the Corporation shall end on the 31 S day of December in each year.

Section 2. DEPOSITORIES: The Executive Board shall appoint banks, trust companies or other depositories in which shall be deposited from time to time the money or securities of the Corporation.

Section 3. CHECK DRAFTS AND NOTES: All checks, drafts or other orders for the payment of money and all notes or other evidence of indebtedness issued in the name of the Corporation shall be signed by such officer or officers or agent or agents as shall from time to time be designated by resolution of the Executive Board.

Section 4. CONTRACTS AND OTHER INSTRUMENTS: Except as otherwise provided in the By-Laws, the Executive Board may authorize any officer, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation and such authority may be general or confined to specific instances.

Section 5. GIFTS: The Executive Board may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purpose or for any special purpose of the Corporation.

Section 6. STATUS OF MEMBERS: All members of the Corporation are independent contractors in their officiating capacities and not employees of the Corporation, or of any officer of the Corporation, or of any other person or entity for whom the members work as officials. All members of the Corporation recognize this status and understand that neither the Corporation, nor its officers are employers, and therefore, the members may not collect worker's compensation from the Corporation or any other person or entity for injuries sustained while officiating.

Section 7. LEGAL COUNSEL: The legal counsel to the Corporation will be appointed by the Executive Board by majority vote of the Executive Board as needed.

Section 8. AMENDMENT OF BY-LAWS: These By-Laws may be amended or repealed by a two-thirds vote of the active members in good standing present at any annual business meeting of the Corporation duly called and regularly held, notice of such proposed changes having been sent in writing to the active members thirty days before such meeting. Amendments may be proposed by the Executive Board on its own initiative, or upon petition of twenty-five active members which shall be addressed and delivered to the Executive Board. All such proposed amendments shall be presented by the Executive Board to the active members with or without recommendation.

ARTICLE XIII – Dissolution of Organization

Section 1: Dissolution Requirements: Any board member in good standing can bring to vote the dissolution of Puzzle Peace United. Once brought to vote a two thirds quorum of voting members is required for dissolution of organization.

Section 2: Distribution of Assets: In the event of dissolution of Puzzle Peace United, the board of directors shall, after paying and making provisions for the payment of all liabilities, distribute all the assets of the corporation over to an organization dedicated to charitable and/or educational purposes for children with Autism and which has been recognized as a 501(c)(3) organization by the Internal Revenue Service.

Section 3: Reinstatement of Organization: Any board member in good standing at the time of dissolution of Puzzle Peace United may, in writing, to all other board members in good standing, request reinstatement of Puzzle Peace United. At least 2 former board members, in good standing, must, in writing, approve the reinstatement of the organization. Upon reinstatement, a new board must be elected within 60 days.

ARTICLE XIII – Conflict of Interest

Section I: Purpose

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

Section II: Definitions

1. Interested Person

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

2. Financial Interest

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

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

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

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

Section III: Procedures

- 1. Duty to Disclose

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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.

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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.

Section IV: Records of Proceedings

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

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

Section V: Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
 - b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
 - c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- [Hospital Insert - for hospitals that complete Schedule C
- d. Physicians who receive compensation from the Organization, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.]

Section VI: Annual Statements

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

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

Section VII: Periodic Reviews

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

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

Section VIII: Use of Outside Experts

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

The following states have adopted legislation satisfying the requirements of section 508(e) relating to private foundation governing instruments. Information derived from Revenue Ruling 75-38, 1975-1 C.B. 161.

Puzzle Peace United

Duly adopted: November 5, 2011

Revised: March 7, 2013

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