

# BY-LAWS OF SOLÉANA STABLES A NON-PROFIT CORPORATION

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These By-Laws of SoléAna Stables are made and effective 11 February 2018.

## ARTICLE I

### 1. ORGANIZATION

- (a) The name of the corporation shall be SoléAna Stables.
- (b) The organization may at its pleasure by a vote of the Board of Directors change its name.

## ARTICLE II

### 2. PURPOSES

- (a) SoléAna Stables is a non-profit corporation and shall be operated exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding section of any future Federal Tax Code.

SoléAna Stables purpose is to provide beneficial equine therapy to individuals in the local community with special needs, through decisive programs administered by certified instructors that foster advanced levels of cognitive, social behavioral and educational skills while further strengthening the individual's independence, self-esteem and overall well being.

At times, per the discretion of the Board of Directors, SoléAna Stables may provide internships, scholarships or volunteer opportunities which shall provide opportunities for involvement in the above listed therapy programs in order to have a greater impact for change and ability to serve the local community.

## ARTICLE III

### 3. MEMBERSHIP

- (a) SoléAna Stables will have no members who have any right to vote or title or interest in or to the corporation, its properties or future franchises. Instead SoléAna Stables will be managed by a Board of Directors.

## ARTICLE IV

### BOARD OF DIRECTORS

#### 4. NUMBER OF DIRECTORS

SoléAna Stables shall have a Board of Directors consisting of a minimum of 5 members not to exceed 21, together with the Officers of this organization. Within these limits, the Board may increase or decrease the number of Directors serving on the Board, including for the purpose of staggering the terms of Directors.

#### 4.1 POWERS

All corporate powers shall be exercised by or under the authority of the Board and the affairs of SoléAna Stables shall be managed under the direction of the Board, except as otherwise provided by law.

#### 4.2 TERMS

The Directors constituting the first Board of Directors are named herein and shall hold office continuously until such time as they: die, resign, become incapacitated or for any other reason are removed or are unable, unwilling or ineligible to serve.

#### 4.3 QUALIFICATION AND ELECTION OF DIRECTORS

At least one of the directors elected shall be a resident of the State of Texas and a citizen of the United States of America. Directors may be elected at any board meeting by the majority vote of the existing Board of Directors. The election of directors to replace those who have fulfilled their term of office shall take place in January after the completion of the second year of office.

#### 4.4 VACANCIES

The Board of Directors may fill vacancies due to the expiration of a director's term of office, resignation, death or removal of a director or may appoint new directors to fill a previously unfilled Board position, subject to the maximum number of directors specified in Section 4.0 above.

- (a) Unexpected Vacancies: Vacancies in the Board of Directors due to resignation, death or removal shall be filled by the Board for the balance of the term of the director being replaced.

#### 4.5 REMOVAL OF DIRECTORS

Directors of the Corporation may be removed from office from time to time and at any time with or without cause, by the affirmative vote of two-thirds of the other Directors of the Corporation.

#### 4.5 BOARD OF DIRECTORS MEETINGS

- (a) Regular Meetings: The Board of Directors shall have a minimum of six regular meetings each calendar year. Primary meeting location will be the home office of SoléAna Stables (Pearland, TX) unless otherwise directed. Alternate meeting locations are authorized as required, however Board members must be notified of the alternate location in a timely manner. Board meetings shall be held upon four days notice by first-class mail, or electronic mail (e-mail) or within forty-eight hours notice delivered personally or by telephone. If sent by mail, or e-mail, the notice shall be deemed delivered upon its deposit in the mail or transmission system. First-class mail notification will be sent to the Board members home address as it appears in the membership roll book. Notice of meetings shall specify the place, day and hour of meeting. The purpose need not be specified.
- (b) Special Meetings: Special meetings of the Board may be called by the Executive Committee (EC) for the best interest of the corporation. Notification of such meetings shall be provided via first-class mail, or electronic mail (e-mail) or within forty-eight hours notice delivered personally or by telephone. A special meeting must be preceded by at least two days notification to each director of the date, time and place. The purpose need not be specified.
  - a. No other business but that specified in the notice may be transacted at such special meeting without the unanimous consent of all present at such meeting.

#### 4.6 MANNER OF ACTING

- (a) Quorum: A majority of the directors in office immediately before a meeting shall constitute a quorum for the transaction of business at that meeting of the Board. No business shall be considered by the Board at any meeting at which a quorum is not present.
- (b) Majority Vote: Except as otherwise required by law or by the articles of incorporation, 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) Hung Board Decisions: On the occasion that directors of the Board are unable to make a decision based on a tied number of votes, the Executive Committee shall have the final decision making vote.
- (d) Participation: Except as required otherwise by law, the Articles of Incorporation, or these Bylaws, directors may participate in regular or special meeting through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting, including in person, internet video meeting or by telephonic conference call.

#### 4.6 COMPENSATION FOR BOARD SERVICE

Directors shall receive no compensation for carrying out their duties as directors.

#### 4.7 INSURANCE FOR CORPORATE AGENTS

Except as may be otherwise provided under provisions of law, the Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee or other agent of the corporation) against liabilities asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the *Certificate of Formation Nonprofit Corporation*, these Bylaws or provisions of law.

### ARTICLE V COMMITTEES

#### 5.0 COMMITTEES

If required to be formed, all committees of this organization shall be created/dissolved by the Board of Directors and their term of office shall be for a period of one year or less if sooner terminated by the action of the Board of Directors.

### ARTICLE VI OFFICERS

#### 6.0 EXECUTIVE COMMITTEE (EC)

The members of the Executive Committee shall be: PRESIDENT, VICE-PRESIDENT, SECRETARY and TREASURER, all of whom shall be chosen by, and serve at the pleasure of, the Board of Directors. Each EC Member shall have the authority and shall perform the duties set forth in these Bylaws or by resolution of the Board or by direction of an EC Member authorized by the Board to prescribe the duties and authority of their offices. The Board may also appoint additional Vice Presidents and such other officers as it deems expedient for the proper conduct of the business of the corporation, each of whom shall have such authority and shall perform such duties as the Board of Directors may determine. One person may hold two or more Board offices, but no Board Officer may act in more than one capacity where action of two or more officers is required.

- (a) Executive Committee Roles/Responsibilities: Shall be responsible for, but not limited to: Bylaws, policy review, Board education, Board assessment, new member orientation, Board succession, attend monthly meetings, set agenda for future meetings, set goals for the year, develop strategy, fundraising, marketing and community outreach.

#### 6.1 TERMS OF OFFICE

Each EC Member shall hold office for three years or until he/she dies, resigns or is removed as hereinafter provided or is otherwise disqualified to serve, or until his/her successor shall be duly elected and qualified, whichever occurs first. EC Members may serve no more than 2 consecutive terms (6 years), but may take one term off before pursuing additional terms which again will be subject to the 2 consecutive term limitation.

## **6.2 REMOVAL AND RESIGNATION**

The Board of Directors may remove an EC Member at any time, with or without cause. Any EC Member may resign at any time by giving written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the EC Member is party. Any resignation shall take effect at the date of the receipt of the notice or at any later time specified in the notice unless otherwise specified in the notice. The acceptance of the resignation shall not be necessary to make it effective.

## **6.3 BOARD PRESIDENT**

The Board President shall be the Chief Volunteer Officer of the corporation. The Board President shall lead the Board of Directors in performing its duties and responsibilities, including, if present, presiding at all meetings of the Board of Directors, and shall perform all other duties incident to the office of properly required by the Board of Directors.

## **6.4 VICE PRESIDENT**

In the absence or disability of the Board President, the ranking Vice President or Vice President designated by the Board of Directors shall perform the duties of the Board President. When so acting, the Vice President shall have all the powers of and be subject to all the restrictions upon the Board President. The Vice President shall have such other powers and perform such other duties prescribed for them by the Board of Directors or the Board President. The Vice President shall normally accede to the office of Board President upon the completion of the Board President's term of office.

## **6.5 SECRETARY**

The Secretary shall keep or cause to be kept a book of minutes of all meetings and actions of directors and committees of directors. The minutes of each meeting shall state the time and place that it was held and such other information as shall be necessary to determine the actions taken and whether the meeting was held in accordance with the law, purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and these Bylaws. The Secretary shall cause notice to be given of all meetings of directors and committees as required by the Bylaws. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Board President. The Secretary may appoint, with approval of the Board, a director to assist in performance of all of the duties of the Secretary.

## **6.6 TREASURER**

The Treasurer shall be the lead director for oversight of the financial condition and affairs of the corporation. The Treasurer shall oversee and keep the Board informed of the financial condition of the corporation and of audit or financial review results. In conjunction with other Director or Officers, the Treasurer shall oversee budget preparation and shall ensure that appropriate financial reports, including an account of major transactions and the financial condition of the corporation, are made available to the Board of Directors on a timely basis or as may be required by the Board of Directors. The Treasurer shall perform all duties properly required by the Board of Directors or the Board President. The Treasurer may appoint, with approval of the board a qualified fiscal agent or members of the staff to assist in performance of all or part of the duties of the Treasurer.

## **6.7 NON-DIRECTOR OFFICERS**

The Board of Directors may designate additional officer positions of the corporation and may appoint and assign duties to other non-director officers of the corporation.

# **ARTICLE VII**

## **CONTRACTS, CHECKS, LOANS, INDEMNIFICATION AND RELATED MATTERS**

## **7.0 CONTRACTS AND OTHER WRITINGS**

Except as otherwise provided by resolution of the Board or board policy, all contracts, deeds, leases, mortgages, grants and other agreements of the corporation shall be executed on its behalf by the

Treasurer or other persons to whom the corporation has delegated authority to execute such documents in accordance with policies approved by the Board.

### 7.1 CHECKS

All checks, drafts or other orders for payment of money, notes, or other evidence of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Board.

### 7.2 DEPOSITS

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust, companies, or other depository as the Board or a designated committee of the Board may select.

### 7.3 LOANS

No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board. Such authority may be general or confined to specific instances.

### 7.4 INDEMNIFICATION CLAUSE

- (a) Mandatory Indemnification: The corporation shall indemnify a director or former director, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he/she was a party because he/she is or was a director of the corporation against reasonable expenses incurred by him/her in connection with the proceedings.
- (b) Permissible Indemnification: The corporation shall indemnify a director or former director made a party to a proceeding because he/she is or was a director of the corporation, against liability incurred in the proceeding, if the determination to indemnify him/her has been made in the manner prescribed by the law and payment has been authorized in the manner prescribed by law.
- (c) Advance for Expenses: 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 of Directors in the specific case, upon receipt of 1) a written affirmation from the director, officer, employee or agent of his/her good faith belief that he/she is entitled to indemnification as authorized in this article, and 2) an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he/she is entitled to be indemnified by the corporation in these Bylaws.
- (d) Indemnification of Officers, Agents and Employees: An officer of the corporation who is not a director is entitled to mandatory indemnification under this article to the same extent as a director. The corporation may also indemnify and advance expenses to an employee or agent of the corporation who is not a director, consistent with Texas Law and public policy, provided that such indemnification, and the scope of such indemnification, is set forth by the general or specific action of the Board or by contract.

## ARTICLE VIII

### IRS 501(c)(3) TAX EXEMPTION PROVISIONS

### 8.0 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 (except as otherwise provided by Section 501(h) of the Internal Revenue Code), and this 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 provisions of these Bylaws, this Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

#### **8.1 PROHIBITION AGAINST PRIVATE INUREMENT**

No part of the net earnings of this Corporation shall inure to the benefit of, or be distributable to, its Directors or trustees, 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 purposes of the Corporation.

#### **8.2 DISTRIBUTION OF ASSETS**

Upon the dissolution of this Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.

#### **8.3 OTHER EXEMPT ACTIVITIES**

Notwithstanding any other provision of these Bylaws, no Director or officer of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under section 501(c)(3) of the Internal revenue Code of 1986 as it now reads or may hereafter be amended to read.

#### **8.4 POWER TO AMEND CHARTER**

The Board of Directors of the Corporation may at any time, if it becomes necessary to comply with the provisions of Section 501(c)(3) of the Internal revenue Code of 1986, as amended, cause an amendment to the *Certificate of Formation Nonprofit Corporation* to be filed with the Secretary of State of the State of Texas, amending the *Certificate of Formation Nonprofit Corporation* in order that they will comply with said section of the Internal revenue Code of 1986 as said section now reads or may hereafter be amended to read.

### **ARTICLE IX MISCELLANEOUS**

#### **9.0 BOOKS AND RECORDS**

The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of all meetings of its Board of Directors, a record of all action taken by Board of Directors without a meeting, and a record of all actions taken by committees of the Board. In addition, the corporation shall keep a copy of the corporation's *Certificate of Formation Nonprofit Corporation* and Bylaws as amended to date.

#### **9.1 FISCAL YEAR**

The Fiscal year of the corporation shall be from 1 January to 31 December of each year.

#### **9.2 BYLAW AMENDMENT**

These Bylaws may be amended, altered, repealed, or restated by a vote of the majority of the Board of Directors then in office at a meeting of the Board, provided, however:

- (a) That no amendment shall be made to these Bylaws which would cause the corporation to cease to qualify as an exempt corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding section of any future Federal Tax Code.

- (b) An amendment that does affect the voting rights of directors further requires ratification by a two-thirds vote of a quorum of directors at a Board meeting.
- (c) That all amendments be consistent with the corporation's *Certificate of Formation Nonprofit Corporation*.

## ARTICLE X DOCUMENT RETENTION

### 10.0 MINIMUM RETENTION PERIODS

Records should not be kept if they are no longer needed for the operation of the business or required by law. Unnecessary records should be eliminated from the files. While minimum retention periods are established, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention, as well as the exception for litigation relevant documents and any other factors.

- (a) Corporate Documents: Corporate records include the corporation's *Certificate of Formation Nonprofit Corporation*, By-Laws and IRS Form 1023 and Application of Exemption. Corporate records should be retained permanently. IRS regulations require that the Form 1023 be available for public inspection upon request.
- (b) Tax Records: Tax records include, but may not be limited to: documents concerning payroll, expenses, proof of contributions made by donors, accounting procedures, and other documents concerning the corporation's revenues. Tax records should be retained for at least seven years from the date of filing the applicable return.
- (c) Employment Records/Personnel Records: State and Federal statutes require the corporation to keep certain recruitment, employment and personnel information. The corporation should also keep personnel files that reflect performance reviews and any complaints brought against the corporation or individual employees under applicable state and federal statutes. The corporation should also keep in the employee's personnel file all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel. Employment applications should be retained for three years. Other employment and personnel records should be retained for seven years.
- (d) Board and Board Committee Materials: Meeting minutes should be retained in perpetuity in the corporation's minute book. A clean copy of all other Board and Board Committee materials should be kept for no less than three years by the corporation.
- (e) Press Releases/Public Filings: The corporation should retain permanent copies of all press releases and publicly filed documents under the concept that the corporation should have its own copy to test the accuracy of any document a member of the public can theoretically produce against the corporation.
- (f) Legal Files: Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of ten years.
- (g) Marketing and Sales Documents: The corporation should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, general rule-of-thumb is three years. An exception to the three-year policy may be sales invoices, contracts, leases, licenses, and other legal documentation. These documents should be kept for at least three years beyond the life of the agreement.
- (h) Contracts: Final, execution copies of all contracts entered into by the corporation should be retained. The corporation should retain copies of the final contracts for at least three years beyond the life of the agreement, and longer in the case of publicly filed contracts.
- (i) Correspondence: Unless correspondence falls under another category listed elsewhere in this policy, correspondence should generally be saved for two years.
  - a. Electronic Mail (E-Mail): Printed in hard copy and kept in the appropriate file –or- downloaded to a computer file and kept electronically or on disk as a separate

file. The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

- (j) Banking and Accounting: Accounts payable ledgers and schedules should be kept for seven years. Bank reconciliations, bank statements, deposit slips and checks (unless for important payments and purchases) should be kept for three years. Any inventories of products, materials, and supplies and any invoices should be kept for seven years.
- (k) Insurance: Expired insurance policies, insurance records, accident reports, claims, etc. should be kept permanently.
- (l) Audit Records: External audit reports should be kept permanently. Internal audit reports should be kept for three years.

## **ARTICLE XI**

### **ACCOUNTABILITY**

#### **11.0 PURPOSE**

By making full and accurate information about its mission, activities, finances and governance publicly available, SoléAna Stables practices and encourages corporate accountability to the general public and those that it serves. This policy will:

- (a) Indicate which documents and materials produced by the corporation are presumptively open to staff and/or the public.
- (b) Indicate which documents and materials produced by the corporation are presumptively closed to staff and/or the public
- (c) Specify the procedures whereby the open/closed status of documents and materials can be altered.

The details of this policy shall be as follows:

#### **11.1 FINANCIAL AND IRS DOCUMENTS**

SoléAna Stables shall make available for inspection/review its Internal Revenue forms 990, 990-T, 1023 and 5227, Bylaws, and financial statements to the general public for inspection free of charge.

#### **11.2 IRS ANNUAL INFORMATION RETURNS (Form 990)**

SoléAna Stables shall submit the Form 990 to its Board of Directors prior to the filing of the Form 990. While neither the approval of the Form 990 or a review of the 990 is required under Federal law, the corporation's Form 990 shall be submitted to each member of the Board of Directors via (hard copy or e-mail) at least 10 days before the Form 990 is filed with the IRS.

#### **11.3 STAFF RECORDS**

- (a) All staff records shall be available for consultation by the staff member concerned or by their legal representatives.
- (b) No staff records shall be made available to any person outside the corporation except the authorized governmental agencies.
- (c) Within the corporation, staff records shall be made available only to those persons with managerial or personnel responsibilities for that staff member.
  - a. Exception: Staff records shall be made available to the Board when requested.

#### **11.4 DONOR RECORDS**

- (a) All donor records shall be available for consultation by the members and donors concerned or by their legal representatives.
- (b) No donor records shall be made available to any other person outside the corporation except the authorized governmental agencies.



- (c) Within the corporation, donor records shall be made available only to those persons with managerial or personnel responsibilities for dealing with those donors.
  - a. Exception: Donor records shall be made available to the Board when requested.

## ARTICLE XII CODE OF ETHICS

### 12.0 PURPOSE

SoléAna Stables requires and encourages Directors, Officers and employees to observe and practice high standards and personal ethics in the conduct of their duties and responsibilities. The employees and representatives of the corporation must practice honesty, integrity and excellence in fulfilling their responsibilities and comply with all applicable laws and regulations. It is the intent of SoléAna Stables to adhere to all laws and regulations that apply to the corporation and the underlying purpose of this policy is to support the corporation's goal of legal compliance. The support of all corporate staff is necessary to achieving compliance with various laws and regulations.

## ARTICLE XIII AMENDMENT OF CERTIFICATE OF FORMATION NONPROFIT CORPORATION

### 13.0 AMENDMENT

Any amendment to the *Certificate of Formation Nonprofit Corporation* may be adopted by approval of two-thirds of the Board of Directors.

### CERTIFICATE OF ADOPTION OF BYLAWS

I do hereby certify that the above stated Bylaws of SoléAna Stables were approved by the SoléAna Stables Board of Directors on Wednesday 25 June 2014 and constitute a complete copy of the Bylaws of the corporation.

PRESIDENT

\_\_\_\_\_  
Authorized Signature

Andrew J. Camacho - President  
Print Name and Title

VICE PRESIDENT

\_\_\_\_\_  
Authorized Signature

W. Kalei Kuaiwa - Vice President  
Print Name and Title

SECRETARY

\_\_\_\_\_  
Authorized Signature

Maria C. Kuaiwa - Secretary  
Print Name and Title

TREASURER

\_\_\_\_\_  
Authorized Signature

Sasha L. Camacho - Treasurer  
Print Name and Title

# ATTACHMENT 1

## CONFLICT OF INTEREST POLICY

### 1.0 PURPOSE

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

### 2.0 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:

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 Section 3b, 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.

### 3.0 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 who are 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 whether a conflict of interest exists.

(c) 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.

(d) 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 that the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### 4.0 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.

#### 5.0 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.

#### 6.0 ANNUAL STATEMENTS

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

- Has received a copy of the conflict of interest policy;
- Has read and understood the policy;
- Has agreed to comply with the policy; and
- Understands that the organization is charitable and that in order to maintain its federal tax exempt status it must engage primarily in activities which accomplish one or more of its

tax exempt purposes.

#### **7.0 PERIODIC REVIEWS**

To ensure that 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, are based on competent survey information, and are 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 an excess benefit transaction.

#### **8.0 USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Section 7, the organization may, but need not, use outside advisers. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring that periodic reviews are conducted.

**ATTACHMENT 2**  
**ACKNOWLEDGE OF RECEIPT AND ACCEPTANCE**  
**OF SOLÉANA STABLES CONFLICT OF INTEREST POLICY**

I, \_\_\_\_\_, hereby affirm that

- I have received a copy of the SoléAna Stables conflict of interest policy;
- I have read and understand the policy;
- I agree to comply with the policy; and
- I understand that SoléAna Stables is charitable and that in order to maintain its federal tax-exempt status it must engage primarily in activities which accomplish one or more of its tax exempt purposes.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date