A Stepping Stone Foundation Bylaws

Article I – Name and Principal Office

The name of the organization shall be "A Stepping Stone Foundation" and the corporation shall maintain a principal office in Arizona. The corporation may maintain offices and transact business at any place designated by the board of directors.

Article II – Purpose

The corporation is organized for the purpose of providing stepping stones to create success through education for preschoolers and their families of limited opportunities. We help break the cycles of illiteracy and poverty in Arizona by supporting lifelong learning.

Article III – No Members

This shall not be a membership corporation and shall not have members. All rights, powers and responsibilities of this corporation shall be vested in the board of directors.

Article IV – Meetings

Section 1. Regular Meetings. The regular meetings of the board of directors are typically scheduled on the second Tuesday of the month (no meetings in July or December).

a. **Attendance.** Directors will attend scheduled board meetings in person, via tele-conference or video-conference.

b. **Missed Meetings.** Directors are to miss no more than two (2) meetings per year (a proxy counts as a missed meeting).

c. **Warning and Removal.** If a director misses two (2) regular meetings per fiscal year, the director will be given a warning. If that director misses a regular meeting within three months of the warning, the director can be removed from the board with or without cause by a majority vote of those present, assuming a quorum, at a regular meeting where previous notice has been given.

Section 2. Special Meetings. Special meetings may be called by the president, by the secretary, or by any two directors submitting a written request to the secretary.

Section 3. Executive Session. The board of directors should hold a meeting without the presence of the executive director, minimally of once a year. This may happen at a special meeting or during a regular meeting.

Section 4. Annual Meetings. The corporation shall hold an annual meeting on the second Tuesday of June, or on another date designated by the directors. The annual meeting is for electing a board of directors, appointing officers, reviewing the annual budget and conducting any other business that should arise.

Section 5. Quorum. The quorum for the transaction of business shall consist of a simple majority of the directors in office. If a quorum is not present, the directors present may adjourn the meeting without notice other than announcement at the meeting. A proxy shall count toward quorum.

Section 6. Notification of Meetings. Notice shall be given to the board of directors of all annual, regular, and special meetings at least one (1) day preceding the meeting by email or by phone call, or a minimum of five (5) days preceding the meeting by hard copy. Directors shall ensure that the secretary has a valid phone number and email address on file for all board members and executive director.

Section 7. Place of Meetings. The board of directors of the corporation may hold meetings either in or out of Arizona.

Section 8. Voting. A vote of the majority of the board of directors present at the meeting shall decide any matter, except where noted in these bylaws. Each director shall be entitled to one vote on each matter submitted to vote.

Section 9. Proxies and E-votes. Written, emailed or texted proxies to the Secretary or another board officer shall be honored at any board meeting. Voting via email shall be valid for conducting board business between meetings as deemed necessary by the president.

Section 10. Participation by Members. Any director may bring forth an item to the annual and regular board meeting by providing notice and a brief description of the item to the president at least ten (10) days prior to the meeting or one (1) day prior for special meetings.

Section 11. Action without Meeting. The board of directors may take any action without a meeting if all directors consent to the action in writing or email. The writing or writings shall be filed with the minutes of the board of directors at the next board meeting.

Article V – Board of Directors

Section 1. Number and Election. The board of directors shall consist of a minimum of seven (7) and maximum of seventeen (17) members. Except as provided in these Bylaws for the filling of vacancies, the directors shall elect the directors at the annual meeting.

Section 2. Vacancies. Board vacancies shall be filled by majority vote of the sitting board of directors.

Section 3. Compensation. The corporation may reimburse the directors and officers for the expenses of attendance at each meeting of the board of directors. The board of directors shall establish and note the amount or rate of reimbursement of directors in its minutes. The directors shall not receive any other payment for board service.

Section 4. Powers. The board of directors shall manage the business of the corporation and may exercise all powers permitted by statute or by the articles of incorporation.

- **a. Finances.** Approve and review the annual budget and monitor monthly income and expenditures**.**
- **b. Documents.** Approve and review the monthly minutes and other significant documentation**.**
- **c. Fundraising.** Formulate and execute fundraising events and utilize committees to reach or exceed the goal of the approved annual budg**et.**
- **d. Scholarship Endowment(s).** Oversee scholarship endowment(s).
- **e. Vision and Strategic** Direction. Set the vision and strategic direction of A Stepping Stone Foundation**.**

Section 5. Executive Director Oversight. It is the duty of the board of directors to provide oversight, guidance and management of the executive director to fulfill the organization's mission.

- **a. Oversight.** Executive Director hiring, pay, benefits and all compensation will be set by the board of directors. The board president will preside over an annual performance review to be completed at the end of the fiscal year.
- **b. Termination.** The board of directors may remove the executive director with or without cause by a two-thirds vote majority.

Section 6. Financial Commitments. As a director of A Stepping Stone Foundation and being committed to the mission of the organization, each director understands how critical financial support is to the success of the organization. Therefore, each director will work to garner funding that will support the organization's annual development goal in operating funds as described in the board responsibilities.

Section 7. Terms. A standard term of service for directors shall be 3 years and a maximum limit of 9 years. Each director shall hold office effectively July 1 following the annual meeting. An elected director shall hold office until his or her term ends, or until resignation, removal or replacement.

Article VI – Officers and Elections

Section 1. Designation. The officers of A Stepping Stone Foundation shall be a president, a vice president, a secretary, and a treasurer. The board of directors may appoint additional officers as it deems necessary.

Section 2. Election of Officers. The officers shall be elected from the board of directors at the annual meeting by majority vote.

Section 3. Terms of Office. Officers shall be elected for 2 (two) years with a maximum of 3 (three) consecutive terms in any single office.

Section 4. Removal from Office. Officers can be removed from office with or without cause by a majority vote of those present (assuming a quorum) at a regular meeting where previous notice has been given.

Section 5. Vacancies. A vacancy in any office shall be filled by the board of directors at the next regularly scheduled meeting.

Section 6. Officers.

a. **President.** The president shall preside over all board meetings and meetings of the members. The president will serve as the primary contact for the executive director. The president will appoint committees with the concurrence of the board. In the absence of the executive director, the president may co-sign and execute authorized documents with one other officer of the board of directors in the name of A Stepping Stone Foundation. The president shall do and perform such other duties, and have such power, as may be assigned by the board of directors.

b. **Vice President.** The vice president shall assist the president and oversee the committees of the organization. The vice president shall carry out the duties and serve in the absence of the president. The vice president shall have such powers and perform such duties as may be assigned to from time to time by the board of directors or the president.

c. **Secretary.** The secretary shall keep or oversee all records of the organization, take and record the minutes of all meetings of the board of directors, prepare the agenda, and send notices of meetings to the membership. The secretary will also keep the minutes, bylaws, rules, director list, and any other key documents. The secretary shall perform all the duties of the office of secretary of a corporation and such other duties as may be assigned by the board of directors or the president.

d. **Treasurer.** The treasurer shall have charge of the funds and securities and the books of account of A Stepping Stone Foundation. The treasurer will present a financial statement at each regular meeting and at other times of the year when requested by the board of directors. The treasurer will present a full report at the end of the fiscal year. The treasurer shall see to the deposit of the funds of A Stepping Stone Foundation in the bank or banks that the board of directors designates. The books of account shall be monitored on a current basis under the treasurer’s direction and supervision. The treasurer shall have oversight of the preparation and filing of reports, financial statements, and returns as required by law. The treasurer shall give the corporation a fidelity bond as required by law or by the board of directors, with the premium therefore paid by A Stepping Stone Foundation as an operating expense.

Article VII – Committees

Section 1. Standing Committees. There shall be established regular committees that shall meet as needed independent of the full board of directors. These committees allow the directors to have a greater impact on the strategic direction of the foundation with narrowed focuses of work.

Section 2. Committee Officers and Members.

a. **Committee Chair.** Each committee shall have one board member as committee chair.
b. **Community Member.** Committees may have persons from the community who do not sit on the board as members. These persons must be nominated by current directors and receive a majority vote of the board of directors.

Section 3. Minutes of Committee Meetings. The chairman of each regular or special committee designated by the board of directors shall ensure that minutes of meetings of such committees are kept and shall file the minutes with the secretary of A Stepping Stone Foundation.

Article VIII – Finances

Section 1. A tentative budget shall be drafted by the executive director and approved at the annual meeting by a majority vote of the board of directors.

Section 2. The treasurer shall keep accurate records of any disbursements, income, and bank account information.

Section 3. The Treasurer, staff, and volunteers will follow the specific financial policies set forth by the board which will be reviewed by the board at least every other year.

Section 4. The treasurer shall prepare a financial statement at the end of the fiscal year to be reviewed and approved by the board of directors and officers.

Section 5. Upon the dissolution of A Stepping Stone Foundation, and after payment of any outstanding bills and obligations, any remaining funds shall be donated to non-profit organizations with similar missions as voted upon by the board of directors.

Article IX – Dissolution

The organization may be dissolved with previous notice (14 calendar days) and a two-thirds vote of the board of directors present at the meeting, assuming a quorum.

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Article X – Conflict of Interest

Section 1. 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.

Section 2. Definitions.

- **a. Interested Person.** Any director, principal officer, or member of a committee with governing board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.
- **b. Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - **i.** An ownership or investment interest in any entity with which the organization has a transaction or arrangement;
  - **ii.** A compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement; or
  - **Iii.** 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 2b, a person who has a financial interest may have a conflict of interest only if the board decides that a conflict of interest exists.

Section 3. Procedures.

- **a. Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board-delegated powers 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.**
  - **i.** An interested person may make a presentation at the board 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.

- **ii.** 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.
- **iii.** After exercising due diligence, the board 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.
- **iv.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or appropriate 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 Conflict of Interest Policy. If the board 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.

- **i.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board determines that the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, up to and including removal from the board and termination of the business relationship in question.

Section 5. Compensation.

- **a.** A voting director of the board who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that director'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 director of the board who receives compensation, directly or indirectly, from the organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 6. Annual Statements. Each director, principal officer, and member of a committee shall annually sign a statement which affirms that such person:

- **a.** Has received a copy of the conflict of interest policy;
- **b.** Has read and understood the policy;
- **c.** Has agreed to comply with the policy; and
- **d.** 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.

Section 7. Political Office. Each director has the opportunity to run for political office while remaining a member of the board. To maintain a clear separation between A Stepping Stone

Foundation and the appearance of supporting a political candidate, the following provisions must be met to maintain non-profit status compliance:

- **a.** A director must inform the board in writing before beginning a campaign.
- **b.** A Stepping Stone Foundation will not endorse any candidate for any position.
- **c.** A Stepping Stone Foundation will not provide any support or use of its resources to support a candidate.
- **d.** If elected, the director who is now an elected official may temporarily suspend their status as an active board member to resume after their elected term ends.

Article XI – Indemnification of Directors and Officers

Section 1. Indemnification. Except as provided in these bylaws, the corporation shall hold harmless and indemnify each of its directors and officers (“indemnitee”) against any and all liability and expenses incurred by indemnitee in connection with any threatened or actual proceeding or legal action resulting from indemnitee’s service to corporation or to another entity at corporation’s request, in accordance with A.R.S. § 10-3856, et seq.

Section 2. Procedure. Indemnitee shall notify corporation promptly of the threat or commencement of any proceeding or legal action with respect to which indemnitee intends to seek indemnification. Corporation shall be entitled to assume indemnitee’s defense with counsel reasonably satisfactory to indemnitee, unless indemnitee provides corporation with an opinion of counsel reasonable concluding that there may be a conflict of interest between indemnitee and corporation in the defense of the proceeding or legal action. If corporation assumes the defense, corporation shall not be liable to indemnitee for legal or other expenses subsequently incurred by indemnitee.

Section 3. Expense Advances. Corporation shall advance automatically expenses, including attorney’s fees, incurred or to be incurred by indemnitee in defending a proceeding or legal action upon receipt of notice and, if required by law, of an undertaking by or on behalf of indemnitee to repay all amounts advanced if it is ultimately determined by final judicial decision (after expiration or exhaustion of any appeal rights) that indemnitee is not entitled to be indemnified for such expenses.

Section 4. Settlement of Claims. Corporation shall not be obligated to indemnify indemnitee for any amounts incurred in settlement if settlement is made without corporation’s prior written consent. Corporation shall not enter into any settlement that would impose any penalty or limitation on indemnitee without indemnitee’s prior written consent. Neither corporation nor indemnitee will unreasonably withhold consent to any proposed settlement.

Section 5. Effect of Repeal. In order that indemnitee may rely on the indemnification promised by this Article, no appeal or amendment of this Article shall reduce the right of indemnitee to payment of expenses or indemnification for acts of indemnitee taken before the date of repeal or amendment.

Article XII – Repeal, Alteration or Amendment

These bylaws may be repealed, altered or amended or substitute bylaws may be adopted only by a two-thirds vote of those directors present, assuming a quorum.

9/11/2018
BOARD MOTION:
Dr. Lenay Dunn, Board Secretary
SECOND:
Melissa Ogea

Motion carried by voice of all members present including Sue Yale by telephone and one proxy, President Gabriel Escontrías, who had given his proxy to Dr. Lenay Dunn. Members not present and not voting, Jeanne Baker and Jessica Sanchez.
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